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TODAY:  
LEISURE

## 'All Options' Are Open as Allies Confer Over Iraq

White House Adviser To Consult Europeans On a Course of Action

By Joseph Fitchett  
International Herald Tribune

PARIS — Amid growing indications that the United States is readying military action against Iraq, the Clinton administration began urgent top-level consultations Thursday with Britain and France, the two allies with airpower arrayed alongside the U.S. armada in the Gulf.

Samuel Berger, the U.S. national security adviser, was due to depart Friday for Europe to meet with top aides from the two European nations at an undisclosed location this weekend, U.S. officials said in Washington. Defense Secretary William Cohen, currently visiting key Arab allies, was reported to be also heading this weekend for Europe.

A pattern of closely held consultations, suggesting that an attack on Iraq could come as early as next week.

"All options are on the table," President Bill Clinton said Thursday, making it clear that air strikes against Iraq were under consideration if diplomacy failed to persuade Saddam Hussein, the Iraqi leader, to let UN weapons inspectors go back to work.

The Security Council was expected to pass a resolution demanding Iraqi cooperation on the inspections, without explicitly threatening military reprisals, if Baghdad remained defiant. But both the United States and Britain have said that they consider themselves authorized to move militarily against Iraq without a specific UN order.

U.S. officials, speaking on condition of anonymity, said that the Clinton administration was close to deciding on a plan for punitive air strikes with little advance warning, because Baghdad seemed unlikely to ease diplomatic pressures of the war that helped avert U.S.-led attacks in earlier crises.

Questions about international support for a major air campaign against Iraq were brushed aside in Washington on Thursday, apparently with assurance. "This time the coalition really is solid with us," a senior U.S. official said, referring to the leading Arab nations and the two key European allies.

Publicly, the countries visited by Mr. Cohen — including Saudi Arabia and Egypt — have allowed their media to deny any plans for their bases to be used against Iraq. But U.S. officials have insisted publicly that "there will be all the support that is needed" if a U.S.-led operation is undertaken. Until Mr. Clinton finally orders action, however, Arab governments were not publicly going beyond their calls for Baghdad to heed UN demands.

Washington has not repeated the buildup of menacing rhetoric against Baghdad that ultimately raised questions about U.S. credibility in the show-downs with Iraq a year ago and again in March. Both times U.S. plans for air strikes met objections, both in the Pentagon and in allied capitals, that there was no certainty of crippling the Iraqi weapons program.

With the UN inspectors apparently now standing little chance of resuming work, the Clinton administration seems to have adopted different tactics, centered on pounding key units in the Iraqi armed forces, notably the Republican Guards and other special units that are important in Mr. Saddam's personal

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Hillary Clinton at a White House awards ceremony on Thursday.

## Panel to Speed Impeachment Inquiry

By Brian Knowlton  
International Herald Tribune

WASHINGTON — The chairman of the House Judiciary Committee outlined plans Thursday for an expedited handling of the Clinton impeachment inquiry, saying that the only major witness would be the independent counsel, Kenneth Starr, and that he hoped to end hearings this year.

The announcement by the chairman, Representative Henry Hyde, came on the heels of the Republican electoral setbacks Tuesday that were widely viewed as reflecting a public demand to resolve the Lewinsky scandal quickly.

Mr. Hyde flatly denied being influenced by the election results, but added, "No one knows more than I do that the public wants us to end this matter as soon as possible."

President Bill Clinton, speaking earlier, was more forceful in describing the elections: "The American people sent us a message that would break the ear drums of anybody who was listening. They want their business tended to."

A White House spokesman, Joe Lockhart, welcomed Mr. Hyde's an-

nouncement. "This is clearly a positive development," Mr. Lockhart said. He expressed cautious hope that Mr. Hyde would stick to the accelerated timetable.

Mr. Hyde said testimony from witnesses other than Mr. Starr was not needed.

There had been some expectation that the committee would call top White House aides; the president's secretary, Betty Currie; the presidential confidant Vernon Jordan; Linda Tripp, the former friend of Monica Lewinsky who taped conversations with her; and possibly Ms. Lewinsky herself. There was even talk several weeks ago of Mr. Clinton voluntarily appearing before the panel.

But Mr. Hyde said, "We believe the most relevant witnesses have already testified at length."

Mr. Hyde laid out a schedule for his panel's work. He said a subcommittee would open hearings Monday on historic precedents for impeachment, and three days later congressional analysts would hold a seminar on impeachment. Then Mr. Starr would appear before the

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Henry Hyde, chairman of the House Judiciary Committee, said Thursday that he hoped to end the panel's hearings on impeachment this year.

## Republicans Ask: What Went Wrong?

Party Leaders Assess Damage in Midterm Polls and Turn on Each Other

By Dan Balz and David S. Broder  
Washington Post Service

WASHINGTON — Shaken by the strength of the Democratic showing in the midterm elections, Republicans have turned on one another, with party leaders calling for a thorough assessment of what went wrong and conservatives and moderates criticizing the leadership for failing to offer a compelling agenda to the voters.

After anticipating big gains at every level of government, the Republicans appeared to have lost five House seats and broken even in the Senate on Tuesday. It was the first time since 1934 that the president's party gained seats in the House in a midterm election.

The Republicans lost one governorship, and their disappointment was

compounded by the blowout in California, where the Democratic lieutenant governor, Gray Davis, beat the Republican candidate, Dan Lungren, by 20 percentage points. Republican weakness in the nation's largest state, which has deepened in recent elections, represents a significant obstacle to the party's hopes of recapturing the White House in 2000.

As a result of the elections Tuesday, the House speaker, Newt Gingrich, and the majority leader, Dick Armey, faced possible challenges to their leadership. Mr. Gingrich spent much of Wednesday reaching out to House members.

The chairman of the House Appropriations Committee, Bob Livingston, a Republican of Louisiana, suggested in a phone conversation with Mr. Gingrich that the speaker should consider stepping

down. Other Republicans began testing the waters for possible leadership races, with some lawmakers openly calling for changes in the party's leadership team.

Publicly, Mr. Gingrich acknowledged that the midterms were "not the election we expected" and said the Democrats' unexpected gains should "sober every Republican."

Privately, according to participants in a Republican Party conference call, he told colleagues, "It's going to be, I think, a very challenging two years. It's not at all obvious to me to figure out how to get it to work right."

Mr. Gingrich later said that Democrats had found a "pretty effective formula for competing" against Republicans.

"I think the drive toward being the

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## Fast Forward To 2000 Elections

• Voting patterns in the midterm elections suggest that the American electorate has moved squarely back to the middle after shifting far to the right in 1994.

• The religious right blames the Republicans for making the election a national referendum on President Bill Clinton's moral fitness for office.

• How Jesse (The Body) Ventura electrified the electorate and to become the nation's first Reform Party governor.

• An Election Day that had a hit of everything.

• American politics have been transformed under a revived president.

• The big loser: Kenneth Starr. Someone should tell him why he was rebuffed.

## Election Sets Contours for Presidential Race in 2000

By R.W. Apple Jr.  
New York Times Service

NEW YORK — The presidential campaign of 2000 began Wednesday, like it or not.

The millennial election will be fought on a political playing field whose rough outlines, if not its exact boundaries, were drawn by the voters in the Tuesday elections, which delivered a crushing disappointment to the giddy hopes of the Republicans and an unexpected elixir to the recently ailing Democrats.

President Bill Clinton called it an "astounding" triumph of issues over investigations and said the Democrats had won so many major victories "because they had a clear message." Republicans agreed.

Of course the next 18 months will bring many surprises and many reversals of fortune. But the election results offered important guidelines.

Tuesday was a great day for Vice President Al Gore, for at least three reasons. He worked furiously and successfully in the last 10 days before the balloting to persuade Democratic loyalists not to stay home and sulk, appearing on behalf of no fewer than 224 candidates, according to his office.

A moderate within the spectrum of his own party, he watched moderates win crucial elections, notably in the California gubernatorial race, where Lieutenant Governor Gray Davis, a cautious pragmatist like Mr. Gore, won a smashing victory.

The returns — an even break in the Senate and a Democratic gain of five in the House of Representatives — also made the impeachment of President Clinton less likely. And the better shape Mr. Clinton is in as his term ends, the better chance Mr. Gore, his sidekick for six years now, stands in the presidential nomination process and, ultimately, the election.

But California voters also complicated the nominating process and set Mr. Gore's strategists to work on tactics to un-complicate it, because he and they consider the state absolutely central to his presidential aspirations.

In a referendum in 1996, California adopted a primary system under which Republicans, Democrats and independent voters would all receive the same ballot, with candidates of all parties listed. That violates the rules of both major parties, and a measure on the ballot Tuesday, Proposition 3, would have rescinded the 1996 change. But it failed, raising the possibility that California's March 7 primary will be a mere political popularity poll, with convention delegates chosen in caucus or convention — a nightmare.

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## Economics and Politics Curb Asian Press Freedom

By Michael Richardson  
International Herald Tribune

JAKARTA — The newspaper and magazine sellers that crowd around cars backed up at traffic lights in the Indonesian capital are far more numerous than nine months ago, and their hands are much fuller.

Since the Asian economic and financial crisis helped end the 32-year autocratic rule of former President Suharto in May, his successor, B.J. Habibie, has acted on pledges to promote greater freedom and respect for human rights by granting no fewer than 333 additional publishing permits, more than doubling the number of such licenses, officials say.

While some of the new permit holders have yet to

start publishing, many have, creating a rare growth industry in a country where recession is forcing businesses to retrench millions of workers.

But the Jakarta hawk scene, in fact, is an exception when viewed in the larger context of Asian turmoil. Ironically, at a time when economic disruption has forced the kind of political change often welcomed by free-wheeling publishers, that same economic distress has put media companies on the defensive.

Across Asia, media organizations are cutting costs — and in some cases journalistic standards — to survive as recession eats into their advertising revenues and subscriber bases, while the sharp fall in the value of local currencies makes newsprint and other imported materials more expensive. Some newspapers

have folded, and many others are expected to follow.

"Advertising revenue is falling, and sale of newspapers is declining as disposable income shrinks," said A. Kadir Jasin, the group editor in chief of New Straits Times Press in Malaysia.

In such countries as Malaysia, China, Vietnam, Burma and Singapore, where governments have effective control over much of the local media, the authorities are seeking to justify that hold on the grounds that turbulent political and economic times can be overcome only if the leaders and the led go in the same direction.

This assertion is taking its most extreme and con-

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## Anwar's Accusers Suffer Setback in Corruption Trial

Prosecution Witness Admits Willingness to Lie

By Keith Richburg  
Washington Post Service

KUALA LUMPUR — The government's sex and corruption case against the ousted deputy prime minister of Malaysia, Anwar Ibrahim, appeared to suffer a setback Thursday as the prosecution's lead witness told a stunned courtroom that he would be willing to lie under oath if ordered to do so.

The admission by the witness, Mohamed Said Awang, who is head of the police intelligence unit known as the Special Branch, caused gasps in the chambers and prompted the surprised judge to interrupt with the question: "So you may lie?"

"I may, or I may not," Mr. Mohamed Said replied. At that admission, a lawyer for Mr. Anwar, Christopher Fernando, replied, "From your answer, you are a most unscrupulous person."

In what may be a further blow to the prosecution's case, Mr. Mohamed Said also told the court that it was possible

that Mr. Anwar might have directed him to get two people to retract their allegations of Mr. Anwar's sexual misconduct not as part of a cover-up of any wrongdoing, but because the allegations were baseless.

As the prosecution's lead witness, Mr. Mohamed Said, who will retire this month, was supposed to lend credibility to the charge that Mr. Anwar improperly interfered with a police investigation into whether he engaged in homosexual sex, which is illegal in Malaysia. But after three days of testimony and cross-examination, Mr. Mohamed Said may have done more to bolster Mr. Anwar's claim that the charges against him were trumped up by his political enemies, and that he is the victim of a conspiracy by those who wanted to remove him from his powerful post.

"If someone higher than the deputy prime minister were to instruct you to come and lie to the court here, would

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Anwar Ibrahim, center, the ousted deputy prime minister of Malaysia, being led from the courthouse Thursday in Kuala Lumpur.

The Dollar			
	Thursday @ 4 P.M.	previous close	
DM	1.6608	1.668	
Yen	117.97	116.656	
FF	5.5895	5.5925	
Pound	1.6615	1.659	
The Dow			
	Thursday close	percent change	
+132.33	8,915.47	+1.51%	
S&P 500			
	Thursday close	percent change	
+18.18	1,133.85	+1.36%	
Nasdaq			
	Thursday close	percent change	
+13.52	1,837.09	+0.74%	

Newsstand Prices			
Andorra	10.00 FF	Lebanon	11.3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroun	1.500 CFA	Chad	10.00 QR
Egypt	25.50 FF	Guinea	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Germany	1.100 CFA	Senegal	1.100 CFA
Gabon	3,000 CFA	Tunisia	250 Dinar
Italy	1,250 CFA	Tunisia	1,250 Dinar
Kenya	1,250 CFA	Tunisia	1,250 Dinar
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 FF	U.S. Mail (Eur.)	\$1.20

## Deal for U.S. Food Aid to Russia Put Off

A landmark deal to ship millions of tons of food into Russia ahead of the winter freeze broke down late Thursday, with Moscow accusing Washington of attaching excessively stiff conditions to the accord.

Just hours after trumpeting a "favorable" deal for Russia that would provide the country with 3.1 million tons of U.S. produce, Moscow was forced to backtrack and say that it could not accept the supplies under the terms Washington demanded.

Deputy Prime Minister Gennadi Kulik said the U.S. negotiators, who had been in Moscow for a week to see if they could help the shattered country

through the winter, were demanding that Moscow grant tax benefits to the agricultural goods.

He added that Washington wanted strict controls on how Moscow spent the proceeds from selling the aid shipment. Talks would probably resume next week, Mr. Kulik said, adding that he was optimistic that a final agreement could be reached.

European Union officials, meanwhile, said that the EU still had not received a formal food-aid request from the Russian government but that talks between the 15-nation trading bloc's Moscow delegation and the Russians were continuing. Page 5.

## AGENDA

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## U.K. Cuts Key Rate

After several other European interest-rate reductions, the Bank of England ordered a bigger-than-expected cut of half a percentage point in its key rate Thursday, to 6.75 percent. It was the second reduction in a month, reflecting heightened edginess over economic slowdown both in Britain and abroad.

British businesses have blamed high interest rates and a strong pound for a deep slump in manufacturing and exports. "With further reductions in interest rates and in sterling, businesses can get back to the job of competing and investing for growth," said Ian Peters, deputy director-general of the British Chambers of Commerce. Page 15.





## Anger From Religious Right

### It Blames Republicans for Making Clinton the Issue

By Laurie Goodstein  
New York Times Service

NEW YORK — For Christian conservative leaders, the midterm election was a pivotal test of their political power. They poured millions of dollars into key races, blizzards of churchgoers with voter guides and helped persuade Republican leaders to make the election a national referendum on President Bill Clinton's moral fitness for office.

Now, with the Democrats' strong showing, those same Christian conservatives are blaming Republican leaders for making Mr. Clinton the only issue. Republicans, they say, failed to hit hard enough on abortion, vouchers for religious schools, homosexuality and school prayer, issues that usually motivate their core constituency to vote.

"There was no clear conservative agenda coming out of the conservative leaders in Washington, D.C.," said Randy Tate, executive director of the Christian Coalition. "The Republicans tried to run a campaign solely on anti-Clinton sentiment."

Gary Bauer, president of the Family Research Council, said: "Dozens of candidates ran for the tall grass on values issues. And the result was they demoralized their own base."

In several hard-fought races around the country, the candidates backed by conservative Christian groups went down to surprising defeats. They include Representative Rick Warren of California, who lost to Jay Inslee, the Democratic challenger; Governor Fob James Jr. of Alabama, a Republican who lost to Lieutenant Governor Donald Siegelman, a Democrat; and Governor David Beasley of South Carolina, a Republican who lost to former state Representative Jim Hodges, a Democrat.

"There's no way to put a smiley face on it," said James Dobson, the religious broadcaster and founder of Focus on the Family, a conservative ministry based in Colorado. "It was a pretty resounding defeat in my view, especially when you have a president mired in scandal who is facing possible impeachment hearings. And the Republicans still could not make that case to voters. That is pretty sad."

Mr. Dobson has been warning since February that religious conservative voters would abandon the Republican Party if it does not prioritize "family values" issues. On Wednesday, Mr. Dobson called for Republicans in Congress to remove the House speaker, Newt Gingrich of

Georgia, and the Senate majority leader, Trent Lott of Mississippi, from their leadership positions.

"When the team is losing you look at the coach — and in this case, we need to get rid of both coaches," Mr. Dobson said. "They lost their nerve at the end of the session. They caved in on everything of importance to the pro-family and pro-life community."

It was religious moderates and liberals, active in groups like the Interfaith Alliance and People for the American Way, who perceived that voters were disillusioned with the impeachment approach.

People for the American Way's new political action committee, the Voters Alliance, spent about \$2 million on an advertising campaign with the message, "Let's Move On."

"The fact is the 'Let's Move On' message did work," said Michael Lux, senior vice president for political affairs of People for the American Way. "People who are tired of the focus on the scandal, tired of the Republican obsession with impeachment, got motivated to vote."

Carole Shields, president of People for the American Way, said the Christian Coalition and the Family Research Council had sent out fundraising letters and other mailings urging their members to cast their votes to impeach the president.

"It's disingenuous for them to now say they weren't pushing this issue," Ms. Shields said. "In many respects, they were the ones driving it."

This year, polls of voters leaving election places show that some religious conservative voters, who usually vote Republican, crossed over to vote for Democratic candidates. In 1994, about two-thirds of religious conservatives voted Republican and about one-fourth voted Democratic, according to a poll commissioned by the Christian Coalition. This year, only 54 percent of religious conservatives voted Republican, while 31 percent voted Democratic.

Part of the reason for this, some religious conservative strategists say, is that the Democratic Party recruited conservative and abortion candidates to run in districts where it was clear a liberal could not win.

The results were not all bleak for religious conservatives. They regard the resounding passage of statewide initiatives banning gay marriages in Hawaii and Alaska as significant, if expected, victories.

In Washington state's 2d Congressional District, they defeated Gretchen Carmichael, a les-



Ralph Reed, former executive director of the Christian Coalition, said the focus on the president was "clearly a mistake."



James Dobson, founder of Focus on the Family, has criticized the Republicans for not prioritizing "family values" issues.

bian who was dismissed from the Air Force National Guard because of her sexual orientation. They also held bold challenges to stalwart Republican incumbents who have backed the religious conservative agenda, among them representatives Helen Chenoweth of Idaho and John Hostetler of Indiana.

Despite these successes, said Ralph Reed, former executive director of the Christian Coalition, "There wasn't a lot of ambiguity in the results."

"We thought mistakenly — and I'm not including myself in this — that the Clinton scandals were a sufficient rationale for a Republican majority," Mr. Reed said. "And that was clearly a mistake. People are looking for what you're going to do to address the issues that affect their lives in a meaningful way."

## Electorate Back in Center

### Americans Voted — in Moderation — for Moderates

By Terry M. Neal and Richard Morin  
Washington Post Service

WASHINGTON — Voting patterns in the midterm elections suggest that the American electorate has moved squarely back to the middle after shifting far to the right in the seminal election of 1994. Those who describe themselves as moderates are showing up at levels not seen since the decade.

These voters, along with blacks and independents, combined into a coalition that helped Democrats defy pre-election predictions of doom for the party and challenged traditional assumptions about who is most apt to show up at the polls.

### NEWS ANALYSIS

At the same time, voter turnout dropped to its lowest level since 1942, with only about 36 percent of eligible voters casting ballots Tuesday. That compared with nearly 39 percent in 1994, the last year when there was a nonpresidential election, and means that elections are increasingly being determined by whichever group is most successful at mobilizing voters.

"The biggest single conclusion I have is that the decline in participation is still with us," said Curtis Gans, director of the nonpartisan Committee for the Study of the American Electorate, which analyzes voter turnout. "The second is that people will turn out in certain places where there are important things to decide or there are important things on the agenda."

That appeared particularly true this year, according to a national exit poll taken by Voter News Service for The Washington Post and other media organizations. While the proportion of black voters stayed roughly the same — accounting for about 10 percent of those who voted — strong black turnout was the key to Democratic victories in a number of states with highly contested statewide races, most notably Maryland and Georgia.

The exit poll data reveal other intriguing facts about this year's election.

The gender gap, in which more women than men vote Democratic, still exists, but it has closed considerably — not so much because women moved away from Democrats but because men moved toward them.

The proportion of voters who described themselves as conservative, who traditionally can be counted to show up strong on Election Day, dropped 6 percentage points compared with 1994.

even while those who defined themselves as Christian conservatives stayed about the same.

Taken as a whole, the polling data raise the question of whether it is now the Republicans who face serious challenges in their ability to successfully mobilize their voter base.

Democrats began a major effort this year to target black voters, in part because polling data showed that it was these voters who were most likely to be angry at congressional Republicans' handling of sex and perjury charges against President Bill Clinton. That effort appears to have worked. In some states, black turnout stayed even, but those voters returned solidly to the Democratic ticket. The percentage of blacks who voted for Democrats jumped to 88 percent in this election from 81 percent in 1996.

So even in North Carolina, where black turnout was about the same as it was in 1994, blacks voted 90 percent for the Democratic senatorial candidate, John Edwards, who defeated the incumbent Republican, Lauch Faircloth, in a close race.

In other states, black turnout was up markedly. In Maryland, blacks made up 21 percent of the total turnout, compared with 12 percent in 1994. Those votes provided Governor Parris Glendening, the Democratic incumbent, who had been running barely ahead of his Republican rival, Ellen Sauerbrey, with a surprisingly lopsided win.

No state saw a bigger increase than Georgia, where blacks made up 29 percent of the total turnout, compared with 16 percent in 1994. That surge in the black vote helped Roy Barnes, a Democrat, defeat Guy Miller, a Republican who had held a small lead in the polls for weeks.

In Illinois, while black turnout rose enough to make that state's Senate and governor's races unexpectedly competitive, it was not enough to deliver victories to Senator Carol Moser Braun, the incumbent Democrat, or to a Democratic gubernatorial hopeful, Glenn Poshard.

The Hispanic vote also made a critical difference in some key states. In California, the proportion of voters who are Hispanic rose to 14 percent of the total this year from 9 percent in 1994. About 7 of 10 of these voters chose Democrats.

Another problem for Republicans was that the proportion of voters who described themselves as moderates increased from 45 percent in 1994 to 50 percent this year. At the same time, the number who label themselves conservative dropped from 37 percent in 1994 to 31 this year. About 54 percent of moderates voted for Democrats this year, compared with 43 percent for Republicans.

## Tag-Team Winners: Pro Wrestler and Campaign Finance Law

By Jon Jeter  
Washington Post Service

MINNEAPOLIS — The first time James George Janos reinvented himself was 23 years ago, when he broke into professional wrestling and needed a catchy stage name to put fans in the seats. The name "Jesse" appealed to the outlaw in him. He plucked Ventura from a map of California.

Jesse (The Body) Ventura has been reinventing himself ever since. As a professional wrestler, a bit action-movie actor and radio shock jock, he has always managed to put fans in the seats. But he clearly outdid himself in the Minnesota gubernatorial election Tuesday.

With little more than a gift for gab, \$400,000 in cash and a throw-the-burns-out populism, Mr. Ventura electrified the electorate and ambushed two major party politicians to become the nation's first Reform Party governor.

"We shocked the world," a billboard in Minneapolis read Wednesday. "New Governor?" another asked. "Ventura a Guess?" A shop added a "The Body" sandwich to its menu.

Mr. Ventura was the talk of the town, here and elsewhere, someone who has remade himself into one of America's preeminent political iconoclasts.

"I guess a lot more politicians are going to start going to the gym," President Bill Clinton said, referring to the 6-foot-4 (1.93-meter), 260-pound (117-kilogram) governor-elect.

"In 1964," Mr. Ventura himself said, "Muhammad Ali beat Sonny Liston for the heavyweight championship. In 1980, the United States' Olympic hockey team beat the Russians. Dreams do come true in America."

Mr. Ventura's celebrity, tough-guy image and shoot-from-the-hip theatrics played a big role in his success. Nearly 63 percent of the voters in this state went to the polls, rivaling turnout in a presidential election year. But his surprising victory was more than folkloric. It offered real lessons on campaign finance reform and demonstrated the possibilities that come with decoupling money from politics.

That is what Minnesota sought to do nearly a decade ago when it enacted reforms to limit campaign spending while providing third-party candidates with a public subsidy if they receive at least 5 percent of the vote in the state's September primary. That, as much as anything, got Mr. Ventura's cash-poor campaign in the game once he received 10 percent of the vote in the primary, political scientists, pollsters and party officials said.

By limiting both major-party nominees — the Republican St. Paul mayor, Norm Cole-

man, and Hubert Humphrey 3d, the Democratic political scion — to \$2.1 million in campaign spending, the rules prevented them from running away with the campaign with a blitzkrieg of television ads.

That essentially leveled the playing field for a third-party candidate and, by creating a three-way race, allowed Mr. Ventura to win with less than a majority. Unable to "saturate" the airwaves with political ads, the three candidates were forced to rely more on televised debates to define themselves and their opponents to the voters. In that forum, Mr. Ventura clearly shined, appealing to blue-collar workers and young people with his candor, compassion and anti-establishment pronouncements that gradually chipped away at his opponents' poll numbers.

Because of the state finance laws, the three candidates spent less than \$5 million combined. Minnesota is a relatively small state of about 4.5 million people, but that figure still pales in comparison with the estimated \$13 million spent by the Illinois governor-elect, George Ryan.

"There's no doubt that this couldn't have happened without Minnesota's campaign finance laws," said Steven Schier, a political science professor at Carleton College in Northfield, Minnesota. "By qualifying for the

public subsidy, Jesse got just enough money to keep pace with Humphrey and Coleman."

In addition, when Mr. Ventura was finally able to buy radio and television ads, he hit home runs with comical, irreverent spots that used the theme from the movie "Shaft" as his campaign song, portrayed the candidate as an action figure battling Evil Special Interest Man and featured Mr. Ventura posing as Rodin's "The Thinker."

Those ads helped Mr. Ventura spend the notion that he would be a fringe candidate, a spoiler whose down-with-government, libertarian views would largely siphon votes away from Mr. Coleman.

Initially, Mr. Humphrey, son of the late vice president and revered U.S. senator, insisted on Mr. Ventura's attendance at all debates. But that play hurt Mr. Humphrey more than Mr. Coleman. Thirty-three percent of all Democrats voted for Mr. Ventura; a quarter of Republicans voted for him.

It remains to be seen how Mr. Ventura can work with a state Senate controlled by the Democrats and a lower chamber controlled by Republicans. There is not a single Reform Party elected official in either body, and some party officials speculate that without any political allies, the new governor may be limited in building any legislative consensus.



The governor-elect of Minnesota, Jesse Ventura, amusing the current governor, Arnie Carlson, above, and in his pro wrestling days. His other previous careers include radio shock jock and action-movie actor.



Arnie Carlson, current Minnesota governor.

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### TRAVEL UPDATE

#### Strikes in Italy

ROME (AFP) — A strike by engineers and station staff will disrupt Italian rail service Friday, and Rome bus and subway workers will strike Thursday and next Friday.

Taxi drivers in the capital were on strike Thursday. "The Versailles of Italy" reopened Thursday, a day after a fire in the attic of the 18th-century Reggia palace in Caserta, 30 kilometers (20 miles) from Naples. (AP)

The Eiffel Tower and the French national library remained closed Thursday because of strikes. (Reuters)

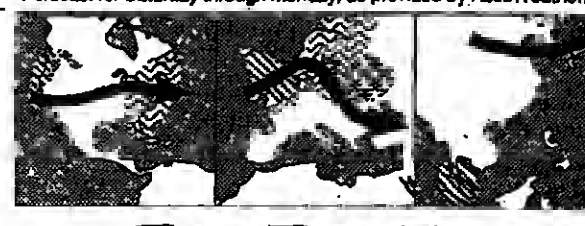
A 24-hour Brussels public transport workers' strike slowed traffic Thursday. (AP)

#### Correction

A New York Times News Service article that appeared in Tuesday's editions of the Herald Tribune gave an incorrect figure for Walt Disney Co. sales in 1997. Disney had \$22 billion in sales that year.

### WEATHER

Forecast for Saturday through Monday, as provided by AccuWeather.



Legend: ☀ Sunny, ☁ Partly cloudy, ☁ Cloudy, ☔ Rain, ⚡ Thunderstorms, ❄ Snow, ⚡ Heavy rain, ⚡ Heavy snow.

Notes: Forecasts and data provided by AccuWeather, Inc. ©1998 • http://www.accuweather.com

North America

City	Today	High	Low	Today	High	Low
Albuquerque	59/77	62	45	60/78	63	46
Anchorage	40/50	42	38	41/51	43	39
Atlanta	68/82	70	58	69/83	71	59
Boston	54/68	56	48	55/69	57	49
Chicago	64/78	66	54	65/79	67	55
Dallas	72/86	74	64	73/87	75	65
Denver	58/72	60	48	59/73	61	49
Detroit	62/76	64	54	63/77	65	55
Honolulu	27/30	28	26	28/31	29	27
Los Angeles	78/92	80	68	79/93	81	69
London	54/68	56	48	55/69	57	49
Madrid	64/78	66	54	65/79	67	55
Miami	72/86	74	64	73/87	75	65
Minneapolis	58/72	60	48	59/73	61	49
New York	62/76	64	54	63/77	65	55
Phoenix	72/86	74	64	73/87	75	65
Portland	58/72	60	48	59/73	61	49
San Francisco	62/76	64	54	63/77	65	55
Seattle	58/72	60	48	59/73	61	49
St. Louis	62/76	64	54	63/77	65	55
Tampa	72/86	74	64	73/87	75	65
Washington	62/76	64	54	63/77	65	55
Wichita	62/76	64	54	63/77	65	55

#### Asia

City	Today	High	Low	Today	High	Low
Alaska	59/77	62	45	60/78	63	46
Algeria	68/82	70	58	69/83	71	59
Argentina	54/68	56	48	55/69	57	49
Australia	64/78	66	54	65/79	67	55
Brazil	72/86	74	64	73/87	75	65
Canada	58/72	60	48	59/73	61	49
China	62/76	64	54	63/77	65	55
Colombia	58/72	60	48	59/73	61	49
Cuba	62/76	64	54	63/77	65	55
Denmark	58/72	60	48	59/73	61	49
Egypt	72/86	74	64	73/87	75	65
France	62/76	64	54	63/77	65	55
Germany	62/76	64	54	63/77	65	55
Greece	72/86	74	64	73/87	75	65
Hong Kong	62/76	64	54	63/77	65	55
India	58/72	60	48	59/73	61	49
Indonesia	62/76	64	54	63/77	65	55
Italy	62/76	64	54	63/77	65	55
Japan	62/76	64	54	63/77	65	55
Korea	62/76	64	54	63/77	65	55
Malaysia	62/76	64	54	63/77	65	55
Mexico	62/76	64	54	63/77	65	55
Netherlands	58/72	60	48	59/73	61	49
Norway	58/72	60	48	59/73	61	49
Poland	58/72	60	48	59/73	61	49
Portugal	62/76	64	54	63/77	65	55
Romania	58/72	60	48	59/73	61	49
Russia	58/72	60	48	59/73	61	49
Saudi Arabia	72/86	74	64	73/87	75	65
South Africa	62/76	64	54	63/77	65	55
Spain	62/76	64	54	63/77	65	55
Sweden	58/72	60	48	59/73	61	49
Switzerland	62/76	64	54	63/77	65	55
Taiwan	62/76	64	54	63/77	65	55
Thailand	62/76	64	54	63/77	65	55
Turkey	62/76	64	54	63/77	65	55
U.S.A.	62/76	64	54	63/77	65	55
U.K.	62/76	64	54	63/77	65	55
U.S.S.R.	58/72	60	48	59/73	61	49
Vietnam	62/76	64	54	63/77	65	55

#### Latin America

Algeria	20/58	12/35	sh	22/71	14/57	
Cairo, Egypt	13/32	4/21	pc	18/35	10/51	
Colombia	25/77	17/52	pc	29/82	18/64	
Hong Kong	58/78	11/52	s	27/89	8/49	
London, England	52/67	4/21	f	17/62	2/25	
Lagos	22/80	13/37	pc	22/89	2/29	
Manila	27/89	18/55	pc	29/92	13/55	
Mexico	27/88	16/51	pc	22/71	11/52	
Turin						
<b>Latin America</b>						
Buenos Aires	22/71	17/52	r	24/78	12/53	
Caracas	23/94	20/71	r	25/82	21/60	
Guatemala	52/77	18/54	s	24/75	9/45	
Managua	22/71	17/52	r	24/78	12/53	
Mexico City	24/75	16/52	pc	24/75	11/52	
Rio de Janeiro	24/75	16/52	pc	24/75	11/52	
Santiago	23/73	6/43	pc	22/71	6/43	
<b>Oceania</b>						
Auckland	10/26					



THE AMERICAS

# Central America Counts the Cost

Region Faces Years to Recover  
From Devastation of Hurricane

By Serge F. Kovaleski  
Washington Post Service

TEGUCIGALPA, Honduras — Hampered by equipment shortages, severed phone lines and the destruction of countless roads and bridges, rescue workers across Central America are struggling to reach legions of isolated and desperate survivors of the hurricane designated Mitch.

Government officials and aid groups warned that it could take years before the impoverished region recovers from the storm, which reined its crops and wrecked tens of thousands of homes and businesses.

In Honduras, which bore the brunt of the hurricane's fury during its five-day march across Central America, reports of hunger and disease were emerging from vast areas that have been cut off from the rest of the country by heavy flooding and mud slides. The authorities warned that the situation would deteriorate swiftly unless they received more international food and medicine and were able to quickly rebuild washed-out bridges and roads.

"Right now, it is a race against time," President Carlos Flores Funes said Wednesday. "There are still isolated areas that we have not been able to reach. It is impossible to get to these people. What we have is general devastation of everything from infrastructure to our agricultural economy to human lives. Our crisis is nationwide."

Rebuilding Honduras and neighboring Nicaragua — the two poorest countries in the Western Hemisphere after Haiti — could take several years and will likely cost billions of dollars, international observers and government officials said.

Nearly 70 percent of Honduras's key crops — including bananas, rice, beans and corn — are estimated to have been destroyed in the storm, and Honduran officials are at a loss to say how the country will feed itself without extensive foreign aid.

Both countries, moreover, will have to rebuild major portions of their transportation network, as well as water, telephone, and electricity systems. For the most part, the authorities have not even begun to reckon with the staggering losses of homes and businesses.

Central America has had its share of natural catastrophes in recent decades, such as the 1976 earthquake that killed 23,000 people in Guatemala and the 1972 earthquake in the Nicaragua capital, Managua, that killed more than 10,000.

But perhaps none has hit so wide a destructive swath. Mitch has killed an estimated 9,000 people across Central America, most of them in Honduras and perhaps 2,000 in Nicaragua, with smaller numbers of dead in El Salvador and Guatemala. Thousands are still missing.

"This was the most destructive natural disaster to hit the region in more than 50 years," said Mark Schneider, assistant administrator for the U.S. Agency for International Development, which is coordinating the U.S. relief effort. "In Honduras, it is the entire country that was devastated, and in Nicaragua, it was the entire northwest of the country."

The authorities estimated that about one-third of Nicaragua was without water or electricity, and that perhaps one-quarter of its transportation infrastructure was seriously damaged.

"To reconstruct the highways alone will cost hundreds of millions of dollars," said Alfonso Ortega Urbina, the Nicaraguan ambassador to the United Nations.

In Honduras, where 93 bridges were severed by raging floods, effectively turning the country into a nation of islands, the military continued around-the-clock relief and rescue missions using the 74 helicopters and six airplanes that make up its aviation fleet. The missions have been made more difficult by fuel shortages throughout the country.

Officials said that perhaps the most immediate need was to repair the road systems in Honduras and Nicaragua so that emergency supplies could be delivered to isolated communities. At least 71 bridges were damaged or destroyed in Nicaragua, and the only way to reach many communities is by helicopter. About 731,000 people were left homeless or displaced in Nicaragua.

## Tornadoes and Heavy Rains Lash Florida Keys

Mitch lashed southern Florida with heavy rain and wind Thursday, just weeks after the region endured the wrath of a hurricane designated Georges. The Associated Press reported from Miami.

Hardest hit were the Florida Keys, where tornadoes touched down, flipping mobile homes, ripping off a motel's roof, felling trees and snapping power lines. One highway death was attributed to heavy storms.



El Salvadorans being vaccinated to combat the spread of disease, such as cholera, in the wake of the hurricane.

## U.S. Gives \$50 Million in Storm Relief

Compiled by Our Staff From Reuters

WASHINGTON — President Bill Clinton on Thursday ordered that \$30 million in Defense Department equipment and services be provided for emergency disaster relief in Nicaragua, Honduras, El Salvador and Guatemala, part of a \$50 million package of aid.

The White House also announced that Mr. Clinton was sending Tipper Gore, wife of Vice President Al Gore, to Central America on a mission to show the U.S. commitment to providing humanitarian relief to victims of the hurricane designated Mitch.

"This is the worst disaster we have seen in this hemisphere," Brian Atwood, head of the U.S. Agency for International Development, said at a White House briefing. He also announced that an additional \$20 million in emergency food aid would be sent to the area aboard Boeing 747s, starting Saturday.

"We are at risk of seeing disease and major problems resulting from people being stranded without food for more than five or six days now in Honduras,"

Mr. Atwood said. He called it a "long, evolving crisis." The \$30 million in Pentagon assets will include emergency supplies, search and rescue equipment and engineering services, officials said. American helicopters also will continue to operate in isolated areas to rescue stranded people and to deliver humanitarian relief supplies, officials said.

Mr. Atwood said that the floods and landslides caused by the hurricane wiped out 25 years of investment in the region's infrastructure.

Some administration officials are worried that thousands of Central Americans could decide to migrate to Mexico and to the United States in coming months if they face continued food shortages or if they lose hope that their homes will ever be rebuilt. Since Mitch settled off the coast of Honduras and began pounding Central America with heavy rains from Oct. 28, the United States has provided \$3.7 million in aid. The U.S. Southern Command, based in Miami, has sent about 600 military personnel to the region and delivered

345,000 pounds of relief supplies, said Eric Schwartz, the senior director for multilateral and humanitarian affairs at the National Security Council. Two helicopters have been sent to Nicaragua, and 17 helicopters and three fixed-wing aircraft have been stationed in Honduras.

Countries around the world continue to offer assistance to the Central American isthmus. The European Union's executive body said it had approved \$8 million in humanitarian aid for Central America, and Germany promised \$2.2 million.

## From France, 100 Tons of Relief

The French Foreign Ministry said a chartered Antonov 124 freight plane would take off from Paris to Managua on Thursday with about 100 tons of other emergency relief, including water purification equipment, medical kits, blankets and tents, Reuters reported from Paris.

The Defense Ministry was sending a C-160 transport plane to help medical rescue operations in Nicaragua and Honduras.

## Manhunt Under Way for Doctor's Killer

Anti-Abortion Extremist Is Sought for Questioning in Sniper Attack

By Blaine Harden  
Washington Post Service

NEW YORK — An anti-abortion extremist with a decade-long history of arrests for disrupting women's clinics around the country is being sought for questioning in the murder last month of an abortion doctor in Buffalo by a sniper, according to investigators.

The police are looking for James Charles Kopp, 44, whose nickname among anti-abortion radicals is "Atomic Dog" and who has spent time

in jails in New York, Georgia, West Virginia and Vermont for blockading abortion clinics.

Law enforcement sources said Mr. Kopp could be a key to unlocking a series of five sniper attacks in the past four years — three in Canada and two in upstate New York — on doctors who perform abortions. In each shooting, a sniper with a high-powered rifle fired through a window into the homes of doctors.

Mr. Kopp's black 1987 Chevrolet Cavalier with Vermont plates was spotted directly behind the home of Dr. Barnett Slepian about the time the doctor was shot and killed in his kitchen Oct. 23.

Investigators also have found records showing that Mr. Kopp crossed the U.S.-Canadian border at times coinciding with the earlier abortion shootings in Canada. Mr. Kopp is not a suspect in Dr. Slepian's murder, according to the FBI office in Buffalo, but is wanted to explain the presence of his car in the Buffalo suburb of Amherst before the shooting.

"We don't have any idea where he is. We are looking for him everywhere we can," said Bernard Tolbert, an FBI special agent in Buffalo.

During previous investigations into Mr. Kopp's involvement in anti-abortion protests, he was identified by federal law enforcement sources as someone with the potential to commit violent acts. Investigators almost immediately began looking for him after the Slepian shooting, but have failed to find him at several places he is known to frequent, a federal investigator said.

Mr. Kopp's last known residence was near St. Albans, Vermont, in the tiny community of Swanton, near the Canadian border.

## Away From Politics

Drivers spend about \$6 billion a year fixing their cars when states could save the expense by repairing roads instead of building new ones, according to a highway survey by the Surface Transportation Policy Project and the Environmental Working Group. (AP)

A baggage handler for Northwest Airlines was killed when she apparently walked into the turning propeller blades of a small aircraft at Memphis International Airport. (AP)

A man threatened suicide on a bridge across the Potomac River in Washington, snarling traffic for nearly six hours before he jumped. He was taken to a hospital; his condition was said to be serious. (AP)

The American Academy of Pediatrics added another vaccine to the list of those it recommends be given to infants. The vaccine is designed to protect infants from rotavirus, a common winter infectious disease. (Reuters)

## POLITICAL NOTES

### Empathy for Chelsea

PARIS — Bill Clinton's brother says the president's daughter, Chelsea, has been deeply affected by the Monica Lewinsky scandal and has done her utmost to survive the ordeal.

In an interview published in Paris Match this week, Roger Clinton said that his niece was conducting her life as usual but that things were not easy.

"She's going to class every day, and I imagine that, in her milieu, there's no shortage of talk," Roger Clinton was quoted as telling the weekly magazine. Chelsea Clinton is a sophomore at Stanford University in Palo Alto, California.

"For the moment, the situation isn't easy because things have been blown out of proportion," Roger Clinton said. "Despite her sense of humor and gaiety, Chelsea has been deeply affected by the scandal, like Bill, like Hillary."

Roger Clinton, a rock singer who had a drug problem in the mid-1980s, described his niece as "intelligent, brilliant, with a good sense of humor." He said Chelsea would never lose her spirit, regardless of what her family was going through. (AP)

### A Redistricting Edge

NEW YORK — After a decade of mainly losing to Republicans in state legislative races, Democrats managed a small comeback in the midterm elections this week. In doing so, they strengthened their

party's hand ahead of the crucial congressional redistricting process that will begin after the federal census in 2000.

Riding the same tide that helped Democratic candidates in contests for Congress and governorships, the party's state legislative candidates came out of the election in control of both legislative chambers in 21 states, compared with 17 for the Republicans. Control was divided in 11 other states. The remaining state, Nebraska, has a one-house legislature that is nonpartisan.

Democrats controlled 20 state legislatures going into the election, just one more than the Republicans, who had steadily strengthened their position in the previous 10 years by snatching 11 legislatures from Democratic control. Going into the election, 10 states had split legislatures.

In all, control of eight chambers switched Tuesday to give Democrats their 21-to-17 edge. Democrats took over the Senate in New Hampshire, Washington and Wisconsin and the lower house in Indiana, North Carolina and Washington. Republicans took control of the lower house in Michigan and Minnesota.

"This really positions the party well for redistricting in 2000," said Kevin Mack, the executive director of the Democratic Legislative Campaign Committee. (NYT)

### Quote/Unquote

Governor-elect Jesse (The Body) Ventura of Minnesota: "They said a vote for me was a wasted vote. Well guess what? Those wasted votes wasted them." (NYT)

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## ASIA/PACIFIC

## Singaporean Visit Eases Tensions With Malaysia

By Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — Responding to an overture from Malaysia, Prime Minister Goh Chok Tong of Singapore made a hastily arranged visit here Thursday, meeting with Prime Minister Mahathir bin Mohamad in talks that centered on financial assistance for Kuala Lumpur.

The visit followed months of acrimony between the two neighbors over a range of issues, including supplying water to Singapore and the location of an immigration checkpoint.

"We will need to raise some funds in Singapore, and Singapore has promised to negotiate on how best it can help in that area," Mr. Mahathir said after a 90-minute meeting with Mr. Goh.

Neither Mr. Mahathir nor Mr. Goh gave details on the agreements discussed but hinted the talks were preliminary.

"We will first have to ascertain what is the requirement of Malaysia," Mr. Goh said. "Dr. Mahathir has told me what Malaysia's requirement will be. We believe we can meet those requirements. We haven't discussed the details."

Money matters have remained central to disputes between Kuala Lumpur and Singapore in recent months. Malaysian officials have hinted that Singapore has not been helpful enough to its northern neighbor as the economic crisis in the region has unfolded.

Both countries are facing recessions, but Malaysia has been harder hit than Singapore in the crisis.

The meeting Thursday came as a surprise because Mr. Goh is scheduled to visit Malaysia 10 days later during the Asia-Pacific Economic Cooperation forum.

Malaysia's apparent rapprochement with Singapore comes at a time when Kuala Lumpur is being criticized by leaders from around the region for its treatment of Anwar Ibrahim, the former deputy prime minister whose trial on charges of sodomy and corruption is under way.

Malaysia needs billions of dollars to recapitalize its banking system and help finance the government's swelling budget deficit. But the country has found it difficult to raise funds abroad since it introduced capital controls two months ago. In a move that wounded the Singaporean financial industry, Malaysia banned trading of its currency and stock market shares in Singapore.

On Thursday, Mr. Goh had soothing words for Malaysians. "What is most important is to narrow the gap of differences and work to maximize common area decisions," he said. "And where we could agree, we will agree and where we disagree on certain things, we agree to come back tomorrow."

Relations between the two countries, which were part of a federation until they split in 1965, are rocky at the best of times. But the recent disputes, amplified by the economic crisis, brought relations to the lowest point in years.

At a rally in August, Mr. Mahathir said Singapore should not take Malaysia for granted.

The crowd responded with the words, "Cut! Cut! Cut!" a reference to the water pipeline that flows to Singapore.



Ummy Hafida Ali, who accused Anwar Ibrahim of sexual misconduct but later retracted the allegations, arriving in court Thursday with her brother, Mohammed Azwan Ali.

ANWAR:  
Setback for Prosecutors

Continued from Page 1

"You do it?" Mr. Fernando asked at one point Thursday. "It depends on the situation," Mr. Mohamed Said replied. The only person higher than the deputy prime minister is the prime minister, Mahathir bin Mohamad.

At another point, Mr. Fernando asked Mr. Mohamed Said: "I put it to you that since the allegations against him were false and baseless, it was perfectly legitimate for him to get retractions of those false and baseless allegations?"

Mr. Mohamed Said replied, "Yes."

The prosecution is expected to call more than 50 witnesses in this first phase of the trial, including Mr. Mahathir.

Many Malaysians are convinced that no matter how weak the government's case, Mr. Anwar is still likely to be found guilty because Mr. Mahathir has publicly called for a conviction. Courts in Malaysia rarely rule against the government in politically sensitive cases.

Since his dismissal Sept. 2 and his arrest 18 days later on charges of sodomy and tampering with the police investigation, Mr. Anwar's case has emerged as a rallying point for thousands of Malaysians who have grown frustrated with the 17-year rule of Mr. Mahathir. Before his arrest, Mr. Anwar led tens of thousands of people into the streets, demanding political reform and the resignation of Mr. Mahathir.

When Mr. Mahathir dismissed Mr. Anwar — his erstwhile deputy and designated heir — the prime minister said it would be for the courts to determine his guilt or innocence, although he also said he was convinced that Mr. Anwar was a sodomite unfit to lead the country.

On Wednesday, Mr. Mohamed Said told the court that in August 1997, Mr. Anwar became upset over allegations from two people — his driver and a female acquaintance — contending that Mr. Anwar had engaged in homosexual sex. Mr. Mohamed Said told the court that Mr. Anwar instructed the police to get written retractions from the two, and the intelligence chief said police did get the two to change their stories, after pressuring them.

After the session Thursday, defense lawyers said they were seeking a copy of a confidential 1997 report that Mr. Mohamed Said sent to the prime minister in which the intelligence chief is said to have dismissed allegations of Mr. Anwar's sexual misconduct as part of a political plot orchestrated by Mr. Anwar's enemies.

Among those allegedly named as part of the plot was Daim Zainuddin, a former finance minister who later supplanted Mr. Anwar as economics chief and who has reversed Mr. Anwar's Western-oriented economic policies.

Under the guidance of Mr. Mahathir, who has been acting as finance minister, the government has taken a number of steps, including the imposition of currency controls, in an effort to deal with the Asian economic crisis.

[Lawyers for Mr. Anwar formally asked the judge for a court order to obtain the confidential report, Reuters reported.]

"The whole case actually depends on this," said Pawancheek Marican, a lawyer for Mr. Anwar.

[Mr. Mohamed Said told the court that he did not think the report had concluded that there was a politically motivated plot to topple Mr. Anwar.]

## BRIEFLY

## Thailand Offers Bounty on Rats

BANGKOK — Authorities offered a bounty on rats Thursday to stem an outbreak of a rare disease spread by rat urine that has killed at least nine people and sent 100 to the hospital.

The epidemic of leptospirosis, which can cause kidney or liver complications and in extreme cases kill victims in as few as three days after infection, has been confined to the northern province of Phayao.

Provincial officials fear that the disease could spread, however, and have offered a one-baht (2.5-cent) bounty for each rat killed. Hunters had turned in about 5,000 rat tails by late Thursday to provincial health authorities, the Independent Television News station reported. (AP)

## Bomb Injures 15 In Pakistan Market

LAHORE, Pakistan — A powerful bomb exploded in a crowded market in a small town in eastern Punjab Province on Thursday, while nearly 200,000 Muslims of the Lashkar-e-Tayyaba group held a conference, police said.

At least 15 people were seriously hurt in the explosion in Murkha, 10 kilometers (6 miles) from Lahore, the Punjab capital. The blast apparently was caused by a homemade explosive device hidden in a paper bag and left near a shop in a congested market, the police said. (AP)

## For the Record

India and Pakistan discussed a water sharing dispute Thursday, part of an attempt to improve relations between the nuclear rivals even as they continued skirmishes along the Kashmir border. It was the first day of weeklong talks on a range of issues that have been overshadowed by the neighbors' main dispute over competing claims to Kashmir. (AP)

Married men who keep mistresses or frequent prostitutes could be sent to labor camps under new rules in one of China's most liberal cities. The rules were listed in a directive issued recently to government departments in Guangzhou, the official Xinhua press agency reported Thursday. (AP)

## Chinese Ships Spark Manila Protest

The Associated Press

MANILA — Philippine officials summoned the Chinese ambassador here Thursday to protest the presence of military ships off a South China Sea reef claimed by both countries.

Defense Secretary Orlando Mercado said the ships, equipped with guns, were renovating Chinese structures on Mischief Reef in the disputed Spratly Islands.

But the Chinese said they were only repairing damaged facilities and had a right to do so under existing agreements.

Mr. Mercado said the actions were a violation of the agreement to refrain from hostile activities while territorial disputes are discussed. "This is a provocative action on the part of the Chinese," he said.

The Chinese Embassy said it is China's sovereign right to reinforce the structures because they had been damaged by natural

forces and were endangering the lives of Chinese staff based on the reef.

President Joseph Estrada of the Philippines ordered officials to file a diplomatic note with China to protest the Chinese actions, his spokesman said.

Foreign Secretary Domingo Siazoo said that the Chinese activities would "create another ripple on our relations with China," and that the Philippines would insist the Chinese structures be dismantled. He added that the issue could be discussed on the sidelines of a meeting of the Asia-Pacific Economic Cooperation forum in Malaysia this month.

The Philippines protested in 1995 when China built concrete platforms on Mischief Reef, one of several areas in the Spratly Islands, claimed by both Manila and Beijing. China said the platforms were shelters for fishermen but the Manila government said they could be used militarily.

## Cokie Roberts for Rotterdam?

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## THE INTERMARKET Continues on Page 1



EUROPE

# Court Hears Precedents For Bid to Try Pinochet

By Warren Hoge  
New York Times Service

LONDON — Lawyers seeking to overturn last week's High Court ruling granting General Augusto Pinochet freedom from arrest argued Thursday that legal decisions around the world had long denied people charged with crimes such as genocide and torture the protection of sovereign immunity.

Concepts of crimes against humanity, including torture and hostage-taking, were established in international law before the military regime took power in Chile in 1973, said Christopher Greenwood, a Crown Prosecution Service attorney representing Spanish authorities who have brought charges of mass murder against the former Chilean dictator.

Such crimes fell within "universal jurisdiction," he said, and could be tried by national courts regardless of the nationality of the person charged or the place where the abuses occurred.

Mr. Greenwood cited tribunals that judged atrocities as long ago as World War I and as recently as in cases of Rwanda and the former Yugoslavia to argue his point that people committing crimes even "under the color of authority" could not escape prosecution.

Earlier, Ajan Jones, another attorney, argued that there was an inherent contradiction in providing immunity to people charged with genocide. "It is almost in the nature of genocide that it tends to be committed by people in positions of power and holding offices of state," he said.

The High Court ruled a week ago that the 82-year-old general was immune to arrest and prosecution because he was Chile's head of state at the time the crimes he was charged with were committed.

He was detained in a surprise arrest in London on Oct. 16 on a request from Baltasar Garzon, a Spanish magistrate investigating atrocities committed during Latin America's "dirty wars" of the 1970s and 1980s. The Spanish authorities hold him responsible for the deaths of more than 3,000 people, including Spaniards, Britons, Chileans and other Latin Americans. He is under police guard at a secluded North London hospital where he is recovering from back surgery.

The case is being heard by a five-man panel of the Lords of Appeal, England's highest court, and is being conducted in a plain committee room off a Gothic inner court of the senior chamber of the British Parliament.

The law Lords were unable to complete the hearings at the end of the second day of pleas Thursday as they had hoped, and the appeal will resume Monday. The afternoon session ended with the beginning of a presentation by Ian Brownlie, an authority on international law.

He has been permitted to make arguments on behalf of Amnesty International, the Redress Trust, the Medical Foundation for the Care of Victims of Torture, the two sisters of William Beausire, an Anglo-Chilean who "disappeared" during the Pinochet rule and Sheila Cassidy, a British doctor who was tortured in Chile.

If the law Lords rule in General Pinochet's favor, he could depart at once, and separate moves by Chilean exiles in Europe and other European governments seeking his extradition to Belgium, France, Germany, Italy, Luxembourg, Sweden and Switzerland would probably fail.

A Chilean Air Force ambulance plane has been waiting at Britz Norton Royal Air Force Base in Oxfordshire this past week to fly him out of England promptly once he is freed.

## Cuban Exiles Petition Spain to Arrest Castro

Madrid — Cuban exiles, taking a cue from the arrest of the former Chilean leader Augusto Pinochet, asked a Spanish court Thursday to seek the detention and prosecution of the Cuban leader, Fidel Castro, on charges of genocide.

The Cuban American National Foundation, a powerful lobbying group run by rightist opponents of Mr. Castro, also sought criminal charges against Mr. Castro's brother, Raul Castro, the Cuban tourism minister, Osmany Cienfuegos, and a senior diplomat, Carlos Amat.

Exile leaders said in Madrid that they were asking the Spanish High Court, which instigated General Pinochet's arrest last month in London, to investigate 300 cases of people they said had been victimized since Mr. Castro came to power in 1959. But they said they expected to broaden the case to cover as many as 18,000 victims.

According to the group's president, Francisco Jose Hernandez, most of the names on the list are Cuban, but he also cited 12 U.S. citizens and five Spaniards.

The case was filed just days after a Spanish appellate court ruled that a Spanish judge could investigate atrocities committed under former military dictatorships in Chile and Argentina.



BACK TO THE STREETS — High school students demonstrating Thursday in central Paris in a third round of marches to demand more teachers and smaller classes. But turnout was low in Paris, with only 2,600 attending the protest, as well as in other cities such as Bordeaux, Toulon, Saint-Brieuc, Toulouse, Nice and Lyon.

## Yugoslavia Bans UN Mission to Kosovo

By Charles Trueheart  
Washington Post Service

PARIS — United Nations war-crimes prosecutors seeking to investigate atrocities during the eight-month Serb crackdown on civilians in Kosovo Province have been refused access to the region by the Yugoslav government.

The denial of visas to a fact-finding mission led by Louise Arbour, chief prosecutor of the UN tribunal, triggered a bitter blast Thursday from the court's presiding judge, Gabrielle Kirk McDonald.

At a joint news conference with Mrs. Arbour in The Hague, Judge McDonald branded President Slobodan Milosevic's Yugoslavia "a rogue state, one that holds the international rule of law in contempt."

Judge McDonald, a former U.S. federal judge in Texas, said she would press the case for access before the UN Security Council, possibly opening the door to a new diplomatic confrontation with the Milosevic regime.

Three Security Council resolutions this year have asserted the tribunal's jurisdiction over the conflict in Kosovo. Yugoslavia has rejected the UN claim of jurisdiction.

The five-year-old tribunal until now has prosecuted and tried war-crimes suspects from the 1992-95 conflict in Bosnia and Croatia, but its UN mandate is not limited to that period or that territory.

Smaller teams of UN investigators were granted visas this year. But as the crackdown on ethnic Albanian civilians in Kosovo carried out by Serb troops and police intensified this autumn, Mrs. Arbour announced her intention to lead a team of about 10 investigators, lawyers and other specialists to interview witnesses and examine evidence on the ground in Kosovo.

Mrs. Arbour, a Canadian jurist, has never taken part in such a mission before. The possible offenses in Kosovo the tribunal wants to investigate, Mr. Arbour said, include "murder, torture, rape and persecutions, cruel treatment, taking of hostages, outrages upon personal dignity, wanted destruction of towns and villages, and looting."

But the tribunal's efforts to secure travel permits from Yugoslav authorities — "a matter of courtesy," Mrs. Arbour said — have been ignored for weeks and were finally turned down Wednesday in a message conveyed by Yugoslavia's ambassador to the Netherlands, where the UN court has its headquarters.

The justice minister of Yugoslavia, Zoran Djindjic, said in an Oct. 15 interview published in a pro-government paper in Belgrade that the UN court had no jurisdiction over Kosovo but that its investigators would be granted access anyway.

"Those who committed crimes against humanity and international rights will be judged by our legal criminal system," he was quoted as saying.

## BRIEFLY

### Fischer Asks EU To Cut Bonn's Bill

BRUSSELS, Belgium — On his first visit to the European Union head office, Foreign Minister Joschka Fischer of Germany reiterated his country's commitment to European integration but also its insistence on paying less for EU membership.

Like the government of former Chancellor Helmut Kohl, Germany's new leadership believes the EU's plans to bring in 11 new countries can only happen on the basis of a fairer distribution of membership fees, Mr. Fischer said.

Mr. Fischer also visited NATO headquarters. His Greens party was long opposed to NATO policies, but Mr. Fischer has since expressed support for the alliance. (AP)

### Kremlin Bombing

MOSCOW — A blast that shook the Kremlin and left four men in the hospital might have been a brazen guerrilla attack or simply a suicide attempt, according to various reports Thursday.

A Russian nationalist whose car exploded outside the Kremlin gates on Wednesday evening was in a hospital along with three guards wounded in the blast, a security service spokesman said.

All reports agreed that Ivan Orlov, a member of a radical nationalist fringe group, got out of his car before it exploded at the Spassky Gate on Red Square. Prosecutors have charged Mr. Orlov with terrorism. One press report said the police opened fire after Mr. Orlov emerged with a gun. (Reuters)

### EU Perks Don't Die

BRUSSELS — The European Commission on Thursday rejected accusations of hypocrisy after it emerged that commissioners would keep the right to buy tax-free alcohol, cigarettes and fuel after the abolition of duty-free sales within the European Union next June.

The spokesman insisted that the commissioners were fully entitled to a perquisite that is also enjoyed by diplomats throughout the world. "The commissioners are treated exactly like every other EU citizen," he said, before adding: "provided they have diplomatic status." (AP)

## U.S. and Russia Spar Over Food Aid

MOSCOW — Russia and the United States on Thursday put off a planned signing ceremony for a U.S. food aid package after Washington made last-minute demands, the Interfax news agency quoted Deputy Prime Minister Gennadi Kulik as saying.

The agency said the U.S. team sought tax exemptions for the humanitarian aid entering and circulating within Russia under a 1996 protocol. Under the deal, the U.S. side was to offer credits worth \$600 million to buy food.

Under Russian law, the goods would be subject to tax once they begin circulating. "In accordance with our laws, we are ready to exempt from tax goods entering the country as humanitarian aid," Mr. Kulik said.

But he added that once the goods were in Russia, "our laws must operate in full. There is a major issue of principle at stake here."

Mr. Kulik said the U.S. team had also tried to impose narrow conditions on the use of aid, saying it should be funneled exclusively into the state pension fund, while Russia wanted it to be allocated to a wider range of social programs.

Russia wants to win U.S. understanding of its position, he said, but he did not say whether the deal would have to be renegotiated. Under the terms of the deal, the \$600 million loan was offered with a five-year grace period and was repayable over 20 years with a 2 percent annual interest rate.

Talks would probably resume next week, Mr. Kulik said, adding that he was optimistic that a final agreement could be reached.

The deal, if signed, would mark the first time Moscow has accepted food aid in five years. It is aimed at ensuring that far-flung regions of Russia do not go hungry this winter. A poor harvest coupled with the rising prices touched off by the financial crisis has raised fears of major shortages.

Despite the pressing needs, the food aid talks have been as much about politics as provisions. Russia does not want the United States to take advantage of the situation to ship in produce that could undercut local producers. The United States is concerned because previous shipments have fallen into the wrong hands only to resurface on the black market at prices which few of the really needy could afford. (Reuters, AFP)

**Food to 'Sustain Russians'**  
Thomas W. Lippman of The Washington Post reported earlier from Washington: President Bill Clinton announced that under the agreement in principle, the United States would provide 3.1 million metric tons of wheat and other food to Russia to "help sustain Russians through a serious food shortage this winter."

Mr. Clinton said Wednesday that the emergency shipments were contingent on assurances that the food would be distributed to the truly needy and would be exempt from taxes and import duties. The large consignment of food is a reflection of Russia's dire economic situation. Agriculture Secretary Dan Glickman said that it was a "minimum" amount and that the administration "is prepared to provide additional assistance as necessary."

But U.S. officials said the aid also reflected Washington's desire to maintain good relations with Russia despite American criticism of the economic policies Russia is adopting now that unfettered capitalism and free-market reforms have been set aside.

The U.S. strategy is to maintain bilateral cooperation on a broad range of scientific, environmental and health issues while letting the government of Prime Minister Yevgeni Primakov make its own economic decisions.

Mr. Glickman said the grain harvest in Russia this year is projected at "just 52 million metric tons, the country's worst harvest in 50 years."

## Yeltsin Is Barred From Seeking a New Term

MOSCOW — The Constitutional Court ruled Thursday that Boris Yeltsin could not seek a third term as president, obliging Mr. Yeltsin to step aside when his mandate expires in 2000.

The court said in a widely expected decision that it was clear that Mr. Yeltsin, 67, was serving his second and final term and did not examine the issue of whether he had a legal right to run for election again. Russia's 1993 constitution limits the president to two terms.

A Kremlin spokesman, Dmitri Yakushkin, said Mr. Yeltsin had accepted the decision, which had become a formality because of the president's poor health and his repeated statements that he would step down when his second four-year term ended.

He long ago answered the main question for himself — that he would not participate in the presidential elections in 2000, Mr. Yakushkin said.

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## INTERNATIONAL

## Israeli Cabinet Moves To Adopt Peace Accord

Netanyahu Warns Palestinians They Must Act

By Deborah Sontag  
New York Times Service

JERUSALEM — Prime Minister Benjamin Netanyahu convened his cabinet Thursday to ratify the Wye peace memorandum after a weeklong delay that established what is likely to be a pattern of Israeli stalls, Palestinian protests and American mediation.

The Israeli cabinet is expected to approve the land-for-peace plan, signed at the White House two weeks ago, by Sunday.

But the prime minister opened the meeting Thursday by saying that the whole deal would crumble if the 700-member Palestinian National Council failed in December to revoke clauses in the Palestinian covenant that called for Israel's destruction.

"They vote to annul the provisions, we will say they did their part," Mr. Netanyahu said seven hours after the cabinet meeting began. "If not, we simply won't give them the territory."

The declaration was another sign that Mr. Netanyahu, facing threats from the right wing to topple his government, has chosen to adopt an aggressive public posture toward the Palestinians even as he moves closer to giving them more West Bank land.

Pointing ahead to the next possible flashpoint, his demand would compel the Palestinians to go beyond what they promised at the White House two weeks ago. In the peace memorandum, they guaranteed only that Palestinian legislators would be "invited" to a meeting attended by President Bill Clinton to "reaffirm" what they consider to have

been the cancellation of the offending clauses two years ago.

The one-week delay, in which Mr. Netanyahu awaited a Palestinian commitment to jail 30 fugitive terrorists, rattled both Palestinians and Americans. It also unleashed a volley of vitriol between the Palestinians and the Israelis, fraying the fragile spirit of cooperation at the start of what was expected to be a 12-week implementation period.

"They're off in quite a rough start, and they haven't even begun in transfer territory," said Joseph Alpher, Israeli director of the American Jewish Committee. "It bodes ill for the implementation."

Already, there have been practical delays, too. In what was to have been a triumphant moment, Yasser Arafat, the Palestinian leader, was supposed to have inaugurated the new Palestinian airport in Gaza on Thursday by arriving there from Madrid. But the Israelis forbade his landing because the government had not yet ratified the accord, which would allow the long-completed airport to open.

Ariel Sharon, the foreign minister, who had been housebound with a virulent ear infection since his return from the peace talks in Washington, attended the cabinet meeting, looking as robust as ever. He acknowledged for the first time that he would vote for the agreement he helped to broker at the Wye Plantation in Maryland, contrary to his earlier insistence that he would not.

Political observers had counted nine affirmative votes, four negative ones, and four abstentions by Thursday night. "We are holding a serious and deep discussion," Mr. Netanyahu said on Israeli television during a break. "Afterwards I expect a clear majority in favor of the agreement we brought from Wye."

By whatever margin it approves the agreement, the cabinet is likely to shackle its approval to a series of demands that go beyond the memorandum — for instance, that, in the third redeployment, Israel would turn over no more than an additional 1 percent of the West Bank.

This underscores the holes in the memorandum signed in Washington. Several issues were left out or left vague, such as the arrests of the 30 fugitives, but they are still alive and contentious, threatening the fragile cooperation between the Israelis and the Palestinians. The Israelis went into the negotiations demanding that the Palestinians reduce their police force, for instance, but they came out with a written guarantee only that the Palestinians would submit a list of the members of the force.

The timeline for the implementation of the agreement is tight. The interim peace agreement established in Oslo in 1993, which is the framework for the most recent, more modest accord, expires in May. Mr. Arafat has threatened to declare a Palestinian state then if the promises in the Oslo agreement have not been met. Final-status negotiations remain, dealing with the most thorny issues, such as borders, the fate of Jerusalem and the return of Palestinian refugees.

## ASIA: Endangered Media

Continued from Page 1

tentious form in Malaysia, where the government of Prime Minister Mahathir bin Mohamad has accused the foreign media of siding with his dismissed former deputy, Anwar Ibrahim, in trying to topple an elected administration by an Indonesian-style street uprising.

While the Malaysian media have echoed the official line by giving lurid accounts of alleged sexual misconduct by Mr. Anwar, they have played down his response: that he was framed by a government fearful of a leadership challenge and a popular reform movement after he questioned official corruption and mismanagement of the economy.

The New Straits Times recently urged the government to arrest "unfair" foreign reporters under the detention-without-trial provisions of the Internal Security Act, the same draconian legislation that was used initially to jail Mr. Anwar, who is on trial on charges of corruption and sodomy.

The newspaper, which frequently reflects official views, said that Malaysians were "generally aggrieved by sensationalist reports" by some foreign media. "Many would also ask of them to stop taking sides, stop being prejudiced and be fair to Dr. Mahathir," it said. "Otherwise, we would urge the Malaysian government to adopt Singapore-style hard-ball tactics with the press, where errant media companies and their reporters will be sued, have their circulation banned or restricted."

Yet Asian officials and analysts say that the economic boom that preceded the current crash, as well as advances in information technology, particularly near-instantaneous satellite television broadcasting and the Internet, make it impossible for Asian countries to maintain control over information.

In Jakarta, the ragged vendors at intersections hawk a bewildering array of newspapers and magazines. Many of the new titles are tabloids with bold front-page headlines and photographs that promise readers an exposé of the latest political and sex scandals. Others offer weightier criticism of a government that is struggling to gain credibility for its reformist credentials.

"Right now, the Indonesian press is in a honeymoon period," said Eros Djatir, managing director of Detak weekly magazine, one of about 30 publications closed by the Suharto government. "We are just enjoying the freedom which was stolen by Suharto's regime."

The crisis that undermined Mr.



Justice Minister Tzahi Hanegbi, left, Foreign Minister Ariel Sharon, center, and Prime Minister Benjamin Netanyahu, discussing the ratification of the Wye memorandum at a cabinet meeting in Jerusalem on Thursday.

## France Offers to Lead Kosovo Force

Paris Reaffirms Support for NATO After Officer Is Accused of Spying

By Craig R. Whitney  
New York Times Service

PARIS — Dismissing doubts about France's support for NATO's role in Kosovo after a French Army major was charged with passing intelligence to a Serbian intelligence agent in the Belgian capital, "But we made the decision not to try to settle the matter in private," he said.

It was clear from what Mr. Richard and Mr. Vedrine said Thursday that they hoped the unusual frankness would avert any suspicions that Major Buel's action stemmed from secret French sympathies with Serbia that date back to their alliance during World War I.

Doubts had been raised, especially in Washington, last winter by disclosures that another French officer, Major Hervé Gourmelon, had been withdrawn from the NATO peacekeeping force in Bosnia after being accused of tipping off the Bosnian Serb leader, Radovan Karadzic, about plans the allies had to arrest him on war-crimes charges.

The plans were put off and the initial disclosure in Washington was followed by near-total silence in Paris. French officials said then that the officer had only been following orders in pursuing contacts with the Bosnian Serb leadership and they took no action against Major Gourmelon.

Major Buel has reportedly confessed that he passed on military secrets to Serbia because he took a liking to the Serbs during service in Bosnia in 1996. As the French daily Le Monde noted after the

news of the arrest, some allies wondered whether the major's sympathies might be in fact shared more widely within the French military establishment.

Serbs often quoted President Francois Mitterrand's remark during the Bosnian war that "As long as I live, France will never make war against Serbia."

But France nearly did make war against the Bosnian Serbs in 1995, after Mr. Mitterrand was succeeded by President Jacques Chirac, who was outraged when Serb forces in Bosnia took French UN peacekeepers hostage to try to ward off American bombing that summer.

An intense NATO bombing campaign, reinforced by French and British troops serving with the peacekeepers, led President Slobodan Milosevic of Serbia then to negotiate an end to the fighting in Bosnia. Now, as president of Yugoslavia, Mr. Milosevic agreed under the threat of bombing last month to stop Serbian attacks against civilians and separatist Albanian forces in Kosovo.

According to Le Monde, it was U.S. Army intelligence that first became suspicious of Major Buel's contacts with a Serbian intelligence operative in Brussels. Colonel Jovan Milanovic, and tipped off French investigators. Mr. Richard refused to confirm that account Thursday.

But French investigators summoned Major Buel to Paris, obtaining a confession, and turning him over to prosecutors who could charge him with supplying intelligence to a foreign power, which is punishable by a 15-year prison term.



LEST WE FORGET — Queen Elizabeth the Queen Mother, 98, paying tribute Thursday to Britain's war dead at the annual Field of Remembrance service outside Westminster Abbey in London.

Subarto has created the opportunity for broader media freedom in Indonesia. But here and in other Asian countries, it has also thrown up severe economic challenges that may make that freedom short-lived for many players.

Pichai Chuensuksawadi, editor of the Bangkok Post, said that the economic boom in the region had fueled the free flow of information, providing, especially among the educated and middle classes, easier access to alternative sources of news. He said the Anwar controversy had made Malaysians "more aware of the shortcomings of their media."

"Not only are they seeking more information, they are exchanging information through faxes and the Internet," he said.

Investors and international financial institutions such as the World Bank are now asking how so many people, both inside and outside Asia, could have been caught so off-guard by the financial and economic turmoil that started in Thailand in July 1997.

"Part of the answer lies in the lack of transparency that existed, and to a very large extent still exists, in the region," said Robert Broadfoot, managing director of Political & Economic Risk Consultancy Ltd. in Hong Kong. "This hid problems from public view and inhibited

intelligent analysis of the risks."

In an address last month, the president of the World Bank, James Wolfensohn, pointedly included "the free flow of information" as one of the "essentials of good governance" on which, he argued, sustainable economic progress depends. "A freer mass media would have challenged the quality of economic policy and encouraged a more vigorous public response to abuses," said Mark Malloch-Brown, the leading agency's vice president for communications.

But analysts noted that the media in countries that are considered at least relatively free from government control, such as Japan, South Korea, Hong Kong, the Philippines, Taiwan and Thailand, had failed to expose the institutional and policy weaknesses that allowed the crisis to spread so fast and become so deep.

"Theoretically, the media should be a check and balance to systemic shortcomings," Political & Economic Risk Consultancy said in a recent survey. "In most countries in Asia, however, it does not play such a role very effectively. In some cases, this is due to intimidation from above. Censorship is still widely practiced in Asia. In other cases, the shortcomings of the media are self-inflicted. Freedom to report does not necessarily equate with high quality reporting."

## BRIEFLY

### A Cali Drug Lord Is Slain in Prison

BOGOTA — Helmer Herrera, the former third-ranking member of the Cali drug cartel, was shot to death Thursday while playing soccer in a Palmira prison yard, a National Prison Service spokesman said.

Guards captured the assassin at the prison, 290 kilometers (180 miles) west of Bogota, the spokesman said.

Mr. Herrera surrendered to authorities in September 1996 and was convicted of drug trafficking this year. In the 1980s, he personally directed the cartel's cocaine distribution and money-laundering activities in the New York City area, according to the U.S. Drug Enforcement Administration. (AP)

### Outsiders Helped, Congo Rebel Says

KIGALI, Rwanda — The rebel leader Ernest Wamba dia Wamba conceded Thursday that Rwandan and Ugandan troops had helped his three-month-old uprising against President Laurent Kabila, but he said "internal elements" had been driving the rebellion.

"All sides now accept that there are two dimensions to the conflict — both an external dimension and an internal," Mr. Wamba said from the rebel headquarters in Goma. "The compromise is to say that there was an invasion but also that the internal element is the driving force."

Asked if "invasion" referred to Ugandan and Rwandan troops, Mr. Wamba said, "That's the only sense that's given to the word." (Reuters)

### War-Crimes Suspect Gets Sick at Trial

VILNIUS, Lithuania — The first Nazi war-crimes trial in a post-Soviet state got off to a difficult start Thursday when the defendant, Aleksandras Lileikis, 91, was rushed from court with heart problems.

The former Boston-area resident, stripped of his U.S. passport in 1996, is accused of turning in 75 Jews to death squads. Nazi-hunters say that as head of the Vilnius region's security police during the occupation, he was responsible for tens of thousands of deaths. He said Thursday he was innocent. (Reuters)

### For the Record

Colombian rebels yielded the Amazon basin city of Mito to government forces after Colombia sent hundreds of troops to end a three-day guerrilla onslaught. Unofficial counts said 150 soldiers and police and five rebels had been killed before the rebels retreated. (AP)

## Will Britain Face Its Waterloo Over Namesake Train Station?

Reuters

PARIS — If Prime Minister Tony Blair of Britain really wants to demonstrate his European sensibilities, then the French have found what they say is the perfect way: He must rename Waterloo train station in London.

If he fails to do so, France might retaliate, a member of President Jacques Chirac's Rally for the Republic party said Thursday.

Waterloo Station, which pays tribute to the duke of Wellington's victory in 1815 over Napoleon, is the London terminus for Channel Tunnel trains arriving from Paris.

"You will understand, I am sure, the discomfort that the French might feel coming to Waterloo Station, having crossed the Channel Tunnel, which is a symbol of the coordination and cooperation between our two nations," a conservative French politician, Florent Longuepeux, wrote to Mr. Blair.

"At a time of European integration, which I know you support, it seems to me opportune that England should give this station another name," he added in the open letter.

Mr. Longuepeux, a local councillor for the Paris region and a leader of Mr. Chirac's party, warned that if London did not find a new name for the station, then he would fight to change the name of the Gare du Nord in Paris.

He suggested calling the French hub for cross-channel rail traffic Fontenoy station, after a French victory over the British in 1745.

In little more than 10 years, at the end of the 18th century, Napoleon pulled France from the chaos of its revolution and made it Europe's dominant power with a stunning succession of military triumphs.

Ironically, it was Napoleon who first proposed digging a tunnel under the

English Channel — to invade England. But his dramatic defeat at Waterloo, near Brussels, at the hands of British, Prussian and Austrian troops forced him from the throne and into permanent exile.

The French general Corbineau reportedly told Napoleon hours after the epic battle, "Sir, it is the total ruin of France."

Mr. Blair ruffled French feathers last year when he chose Waterloo Station as the place to launch the British presidency of the European Union.

### Basque Separatists Reaffirm Cease-Fire

Compiled by Our Staff From Dispatches

MADRID — The separatist group Basque Homeland and Liberty reaffirmed its commitment Thursday to a six-week-old truce and signaled it was considering a "definitive" end to its violent 30-year struggle for independence.

In its first communiqué since the Spanish government announced plans this week to open talks with the separatists' allies, the group, known by its Basque acronym ETA, said its unilateral truce "remains in effect under the same conditions," namely the goal of "sovereignty" for the Basque region.

In a statement published in the radical separatist newspaper Euzkadi Informazioa, the guerrillas said their decision on whether to turn the truce into a "definitive cease-fire" would depend on "future developments and advances."

But Deputy Prime Minister Francisco Alvarez Cascos told state radio that prospects for peace talks "can emerge only if ETA shows its unequivocal willingness to give up violence." (Reuters, AFP)

## IRAQ: U.S. Consults With Allies on Attack

Continued from Page 1

protection.

An open-ended campaign against elite forces and sensitive military installations could also damage the Iraqi leader's power base, a political goal openly embraced in recent weeks in Washington.

Baghdad's apparent determination to oust the inspectors has alarmed both

Western and Arab leaders about the possibility of a secret crash weapons development program in Iraq. Within a week of the end of international weapons monitoring, Iraqi scientists could be able to build a biological weapon capable of causing devastation in Israel or Iraq, David Kelly, a British government arms expert said Thursday in London. Iraq has been allowed to continue building missiles that could reach Saudi Arabia.



THE AMERICAS

# IMPEACH: House Panel to Expedite Inquiry Into Clinton

Continued from Page 1

committee, sitting in public session, on Nov. 19 and possibly Nov. 20. "With the president's cooperation," Mr. Hyde said, "we will meet our goal of finishing by the end of the year." Without it, he hinted, the hearings could drag on for many months more.

Mr. Hyde resisted pressure for an even speedier conclusion of his committee's work. He said there were "voices of comfort and convenience" calling on the panel "to look away." But the panel's duty, he said, "requires that we search out the truth."

The committee is weighing allegations against Mr. Clinton that include perjury, obstruction of justice and witness tampering.

There was a major unknown in the schedule that Mr. Hyde outlined. It depended, he said, on Mr. Clinton or his lawyers stipulating to the truth of several of the allegations made against the president in Mr. Starr's report.

Mr. Hyde said he was sending Mr. Clinton a letter "asking him to admit or deny certain facts that appear to be established by the record now before us." He did not say what facts were at issue.

"The president is free to dispute, of course, whatever he wants," Mr. Hyde added. "By agreeing to those facts he does not dispute, he will allow us to narrow the issues and bring this matter to a close more quickly."

Mr. Lockhart said he did not know how

the president's lawyers would respond to the request for stipulation.

Mr. Clinton's lawyers could simply respond that the questions had already been answered, referring Mr. Hyde and the committee to Mr. Clinton's four-hour videotaped testimony, made under oath on Aug. 17 before Mr. Starr and his prosecutors.

At that time, Mr. Clinton acknowledged having "inappropriate" contact with Ms. Lewinsky, the former White House intern, but fended off specific questions about the nature of the sexual relationship.

To date, many of the specific assertions in the Starr report have gone unchallenged by the White House.

Stipulating to some of the allegations now could put Mr. Clinton in an awkward legal position, possibly strengthening a case for perjury. It might also compound his difficulties in the still outstanding sexual harassment suit against him, even though Paula Jones and her lawyers have had a falling out.

Politically, the election results gave Mr. Clinton firmer footing to stand up to his detractors. Yet the public has made it clear that it does not want him to overplay that hand, and likes him best when he appears most contrite.

Mr. Hyde said that Mr. Starr was "anxious to testify." He added, "I think he's someone everyone wants to hear from."

Democrats in particular have been anxious to question Mr. Starr in an effort

to portray him as being part of a partisan effort to discredit Mr. Clinton.

Mr. Lockhart said White House lawyers "wouldn't object" to an appearance by Mr. Starr, while adding, "We certainly know what his view of this is."

Asked whether committee members might ask Mr. Starr about other aspects of his four-year investigation, including the Whitewater real-estate case, the firing of White House travel office staff and other matters, Mr. Hyde said, "I could well imagine him being asked questions" on those topics.

The election results appear to have raised sharply the prospect of some negotiated solution, possibly a congressional censure of Mr. Clinton or a fine, rather than impeachment.

But Mr. Hyde said that any such move could come only if his committee and then the full House of Representatives first approved articles of impeachment and sent them to the Senate.

The White House clearly welcomes the chance for a speedy conclusion to what has been an agonizing trial and a debilitating distraction.

Mr. Clinton has said little about the work awaiting the House committee, though he said Thursday that he wanted the hearings "to be constitutional, fair and expeditious." He has cautiously avoided speculating on whether the chances of impeachment had been lessened.

Some Clinton supporters expressed private fears, however, that the Democrats' electoral successes might lead the



President Bill Clinton, center, speaking to reporters at the White House on Thursday before meeting with Vice President Al Gore, left, and Richard Gephardt, the House minority leader, to discuss Social Security.

president to take a riskier approach, rejecting a negotiated solution and forcing the Republicans to pursue impeachment or drop the matter completely.

This might backfire, however, among voters who appear weary of political rancor and brinkmanship.

In a year when incumbents did ex-

traordinarily well, every member of the Judiciary Committee who sought re-election was returned to office, most by large margins. But Democrats won more easily than Republicans, by an average of 76 percent to 70 percent. And one of Mr. Clinton's more virulent critics on the panel, Representative John Conyers of Michigan, won 87 percent.

## PARTY: Republican Quandary

Continued from Page 1

majority is a little more in doubt, frankly," the Georgia Republican said. "You'd have to say the country is hanging in the balance."

The Republicans' losses, while not numerous, underscored the problems of a party that is riven by ideological and regional factionalism, divided over its agenda and facing a Democratic Party that has begun to emulate the approach President Bill Clinton has taken in two successful presidential elections.

Those divisions will shape intraparty battles in the 106th Congress and the fight for the Republican presidential nomination in 2000.

Mr. Clinton showed that it is possible to appeal to middle-class swing voters while maintaining the enthusiasm of core Democratic constituencies such as organized labor, blacks and Latinos. Many Democratic candidates, from Mr. Davis in California to various southern Democrats, copied that approach in successful campaigns Tuesday.

But Republicans are still struggling nationally to find a formula that excites their most conservative supporters without alarming independents and moderate Republicans, particularly women, in swing and suburban districts.

Eight of the 11 House districts lost by the Republicans on Tuesday were won by Mr. Clinton in 1996. Several of those districts were in the kind of suburban areas Republicans must hold in presidential campaigns if they hope to win the White House.

The loss of governorships in Alabama and South Carolina and a Senate seat in North Carolina also was a reminder to Republicans that their increasing strength in the South cannot be taken for granted.

"The large minority community provided a base that would always keep Democrats reasonably competitive at the state level," said Whit Ayres, an Atlanta-based Republican Party pollster. "I believed yesterday and I believe today" that the Republicans are the majority party in the South.

But, he added, "a majority party can still lose elections."

Mr. Lungren's loss in California, coupled with the victory by Senator Barbara Boxer, a Democrat, and Democratic victories in other statewide constitutional offices, poses a significant challenge for the party. Mr. Lungren won only 38 percent of the vote, exactly what Bob Dole won in a three-way presidential race in 1996, and he managed just 17 percent of the growing Latino vote — even less than Mr. Dole.

Despite the loss of the California governorship, governorships remain a bright spot for the Republican Party. Incumbent governors in Texas, New York, Pennsylvania, Michigan, Tennessee and Oklahoma demonstrated broad appeal as they won big re-election victories. And Jeb Bush, the son of former President George Bush and a brother of Governor George Bush of Texas, captured the governor's mansion in Florida, the biggest Republican gubernatorial victory.

Many Republicans agreed that Tuesday's results strengthened the expected presidential bid by George Bush, both because of the problems the party had generally and because of the scope of his victory. Mr. Bush, who campaigned on education, taxes and crime, won 69 percent of the vote, capturing 65 percent of the women's vote and 49 percent of the Latino vote.

Mr. Gingrich pointed to the governors as the example the party should follow and promised that congressional leaders would work more closely with the governors. The party, he said, must emphasize reforming government and lowering taxes.

Wisconsin's Republican governor, Tommy Thompson, agreed. "I think that we have to get back to our basics," he said.

Mr. Ayres, the party's pollster, cited gubernatorial successes as a lesson the Republicans must learn. "Pragmatic conservatism works," he said. "Ideological conservatism doesn't."

## GORE: Tone Set for Year 2000

Continued from Page 1

Tuesday was a bad day for the Republican right. High-profile right-wingers lost across the country, from Attorney General Dan Lungren of California to that state's gubernatorial race to Senator Launch Faircloth, denied re-election in North Carolina, to Representative Mark Neumann of Wisconsin, who failed in a Senate race despite a huge spending advantage over Senator Russell Feingold, to Ellen Sauerbrey in Maryland, who proved unable on her second try to prevail over an unpopular Democratic governor, Parris Glendening.

Both conservatives and moderates in the party said the Republicans had to get back to basics. Even Newt Gingrich, speaker of the House of Representatives, conceded that the results "should sober every Republican" and called for new strategic thinking.

"If you make it a referendum on a president with a 67 percent approval rating, as they tried to do, you shouldn't be surprised if the election goes against you," said Governor Tom Ridge of Pennsylvania, a moderate whose promoters mention him weekly as a possible vice

presidential nominee.

Senator John McCain of Arizona, a conservative who tends to steer away from divisive social issues, won re-election with 68 percent of the vote. He is studying the possibility of a presidential race, but before he or any other Republican nominee can hope to win, he said in an interview Wednesday, congressional Republicans and their leaders need to learn some lessons.

"I just hope this debacle is a wake-up call for our people," he said. "You've got to be for something — smaller government, better education, something. We're seen as the party that's against everything."

Polls taken late in this year's campaign bore Mr. McCain out. They showed that the Republicans are no longer identified with issues that were once their electoral bread and butter, such as low taxes and law and order.

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## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Election Lessons

It was an election day that had a bit of everything. Senate battles like Alfonse D'Amato, Republican of New York, and Lauch Faircloth, Republican of North Carolina, were humped. Earnestness triumphed in forms ranging from bland (George Pataki) to the slightly nerdy (Russell Feingold). Some sons (Skip Humphrey) were setting, but some (see Bush, George W. and Jeb) were rising. A party long regarded as being on life support (the Democrats) came tap-dancing out of intensive care. A nation that seems never to weary of seeing Newt Gingrich get his comeuppance watched him pile chips on the impeachment card and then let Hillary Rodham Clinton sweep them off the table.

The question, of course, is what lessons to draw from this variegated show so full of suspense, upsets and reversals of party fortune. That is no simple matter, for a midterm election lacks the focusing prism of a presidential contest. This was an election that touched on power alignments between and within the parties, on voter attitudes, on candidates for the new millennium, on campaign finance and, of course, on impeachment.

Like all midterm elections, this one occurred under the shadow of its most prominent noncandidate. The paradox of Bill Clinton's personal flaws and political resilience may never be fully explained, but this campaign season documents it anew. Although some Democrats shunned him, he made 130 appearances, and Mrs. Clinton, often claiming the more high-profile spots, made about 100. A Democratic disaster would have made them pariahs within their own party. Now they emerge with as much clout as could be summoned for a White House with such a troubled history.

Mr. Gingrich is thinking wishfully when he insists that there is no message about impeachment to be gleaned from the Republicans' loss of five House seats and key Senate races. The House results, in particular, suggest that the public has done a sophisticated job of balancing its disapproval of Mr. Clinton as a person and its desire for continuity and a Congress that works. By reducing the Republican majority in the House, the voters gave Mr. Clinton the leverage to shop for a measure deal. The chairman of the Judiciary Committee, Henry Hyde, may be in a stronger position to stand up to Mr. Gingrich now and also to demand that Kenneth Starr, the independent counsel, deliver all the evidence he plans to release once the hearings resume. Mr. Starr, for his part, would be deeply foolish not to see the public impatience expressed by the election results.

Mr. Hyde has said that the outcome of the impeachment process must be backed by a public majority. The overall message of this election and the accompanying polls is that a two-thirds majority has already coalesced. It wants a formal condemnation of Mr. Clinton for lying under oath and demeaning his office. But it also wants him to continue in office and for the Republican Congress to engage him on issues that stirred the voters.

For conservatives, this election may come to be regarded as a stylistic watershed. The generation of "Contract With America" warriors who came roaring into power four years ago is going out of fashion. The new trend is on the warm side of mellow. The public rewarded Republicans who were in touch with their inner environmentalist, and shunned those who crusaded for anything more disruptive than putting computers in the classrooms.

Former Representative Robert Dornan of California, a rip-roaring reactionary, was trounced in a comeback bid. Governor Fob James of Alabama showed that even in the Bible Belt it is possible to thump the Good Book too hard. After losing the Florida governorship four years ago as an ideological conservative, Jeb Bush won this time by defending battered women and promising to restore "compassion" to welfare services for children. Jeb's brother George W. pioneered this sort of politics in Texas, where he won re-election as governor and the status of undeclared presidential front-runner.

In many recent elections the public, pollsters and commentators have grown used to outcomes determined by the militant Republican core and by the wedge issues of the Christian right. Something different happened on Tuesday. Some key races were swung by

moderate women and traditional Democratic minority groups and by middle-income suburban voters who had been behavioral Republicans. This emergent coalition may be impermanent, but it overwhelmed the faction animated by school prayer and flag burning.

Nationally, according to Bill Schneider of CNN, a quarter of the Democratic vote came from those he called the "new rich." These are people making more than \$50,000 a year. In all likelihood, the Republicans had pulled them in the past with economic issues. This year two-thirds of them opposed impeachment, liked Mrs. Clinton and disliked Mr. Gingrich, and they moved into the Democratic column.

The Republicans, always weak with women, remained tied to the abortion issue. This election showed that moderate swing voters consider pro-choice the mainstream stance. They soundly rejected late-term abortion bans in Washington and Colorado. In California's gubernatorial race, the Republicans' Dan Lungren lost in large part because he is staunchly opposed to abortion rights.

The Republicans who flourished, such as Governor Pataki of New York and Governor John Rowland of Connecticut, positioned themselves as pro-business politicians who stand apart from Republican orthodoxy on abortion and other social issues. That stance pleased most voters, including women, in the center, and also made it harder for their Democratic opponents to label them part of the Republican fringe.

With the public, sometimes you can spin away a disaster and sometimes you cannot. But it is the Republican politicians whom Newt Gingrich and Trent Lott have to worry about. On Wednesday they were getting the first whiff of mutiny from the Republican congressional bunkers. The backbenchers are now looking on some of their leaders as losers and wondering if they have misread the public mood.

At bottom, the voters refused to fatten the Republican majorities of a do-nothing Congress. Mr. Gingrich, the majority leader Dick Army of Texas, the majority whip Tom DeLay of Texas and Representative John Boehner of Ohio marched their stalwart Contract conservatives into smaller and smaller circles, alienating the voter-rich political middle.

From shunning down the government in 1995 to attaching abortion caveats to United Nations money, this group moved toward the fringe. Issues like patients' rights, better public education and secure Social Security were lost in their small-bore debates. Anti-gay rhetoric and anti-Clinton advertising at the end of the campaign left the impression that only white, straight Christians need apply for Republican membership. Senator Orrin Hatch, Republican of Utah, acknowledged on Tuesday that to flourish his party now had to "get off its dime" and stop ignoring women, minorities and Hispanics. But Mr. Gingrich has a more immediate image problem within his own party.

We are always shopping for encouraging news about campaign finance reform. Here is some. In Wisconsin, Democratic Senator Russell Feingold was re-elected despite his refusal to let his allies flood Wisconsin with television ads financed by tainted soft money. Less noticed was the impressive victory of initiatives in Arizona and Massachusetts creating a system in which candidates who agree to limit donations and spending receive public financing for their campaigns.

According to Common Cause, the national parties raised \$162 million in soft money. That is more than double the sum of four years ago, and it suggests that in the next election the parties could be heading toward a new record of \$500 million in soft money if there is no reform to head them off.

That kind of money represents a continuing threat to the integrity of American elections and casts a pall over everyone's enjoyment of the festival of democracy. For even though many good candidates and causes prevailed on Tuesday and the nation may have moved a significant step toward resolving the Clinton scandals and the impeachment crisis, the fact remains that only 37 percent of eligible voters took part in the election. We have to believe that more voters would participate if they saw the parties as unbought and corruption-free.

—THE NEW YORK TIMES

## Politics Transformed Under a Reprieved Clinton

By E. J. Dionne Jr.

WASHINGTON — It was clear in the earliest returns on Tuesday that this would be a "status quo" election only in the sense that most incumbents would win, as they usually do. In all other respects, the 1998 election promises to transform politics in the last two Clinton years.

That voters think there should be a final two years of the Clinton presidency is the first big matter the election decided. Citizens finally got to say at the ballot box what they have been trying to tell Washington through the polls: However much they disapprove of Bill Clinton's transgressions, they do not think the Monica Lewinsky affair is the driving issue in American politics and they don't want Mr. Clinton impeached.

The voters also told Republicans in Congress that their agenda is too thin to rally support outside their most loyal precincts. The Republican Revolution of 1994 is over, but no cause worth fighting for has been put in its place.

Five events determined the course of this election. Mr. Clinton's State of the Union message laid out ideas — on education, Social Security and health care — that gave Democrats a unifying argument and Republicans headaches. By arguing that budget surpluses should be used for Social Security and not tax

cuts, Mr. Clinton robbed the Republicans of their most serviceable issue.

Then the Republicans bungled the impeachment issue three different times. First they released the Starr report, most Democrats, and many non-Democrats, read its contents as an effort to humiliate the president. Then they released Mr. Clinton's grand jury testimony; it turned out less damaging than advertised, and its release was seen as a partisan ploy. Finally, the Republicans failed to negotiate a bipartisan approach to the impeachment inquiry. By this time, Democrats furious at Mr. Clinton were even more livid at the Republicans.

And then the Republicans, rendered overconfident by their faith that the Lewinsky matter would overwhelm the Democrats, booted October's budget negotiations.

Republicans now face a two-front war. From the right, congressional leaders will hear of their failure to stand up for principle and to develop conservative issues in the budget fight. Newt Gingrich will have to put down conservative insurgents in the House, and conservative presidential candidates will run against Washington Republi-

cans. Steve Forbes gave a preview of coming recriminations on election night. Republicans, he said, came across as "timid office-clinging incumbents."

The Republicans who did succeed brilliantly in clinging to office were moderately conservative governors. Clinton-style, they touted themselves as problem solvers. They talked about education as well as tax cuts. They highlighted inclusion and compassion, sanding the edges off divisive social issues. The governors' message: If we can do it, why can't that crowd in Washington? At the front of this long line is Governor George W. Bush of Texas. But neither he nor the other governors have a national program to match their appealing rhetoric.

Democrats have begun to adjust to the post-1994 reality. Now that the Republicans are fully competitive in the South, every congressional election will be closely contested and demand trench warfare. This year, Democrats proved adept at it.

They made an effort to match moderate Democrats to moderate districts. But moderation alone did not account for the Democrats' strong showing. They also depended on a large increase in turnout among their most loyal supporters — African-Americans, union members and environmentalists.

The unions wisely shifted money from advertising to grassroots turnout efforts. African-Americans, more hostile than any other segment of the electorate to the effort to oust Mr. Clinton, mobilized against the Republicans.

And Democrats used social issues, gun control and the environment to rally suburban moderates. On Tuesday, a quarter or more of self-described moderate Republicans bolted to such successful Democrats as Senator-elect Charles Schumer in New York, his soon-to-be colleague from North Carolina John Edwards and Governor-elect Gray Davis in California.

But the Democrats' balancing act between carefully cultivated moderation and an appeal to the party's liberal core will not be as easy as it looked in many of Tuesday's contests. After the celebrations are over, the tensions will start to show.

The largest challenge is to President Clinton. He is always at his best when cornered, and he emerged with a ninth life after Tuesday. But in the past he has always let victory slip away in a post-euphoric period of lassitude and inattention. He dare not do it this time. Many Republicans have still not given up on impeachment, and nine lives are all even Bill Clinton gets.

The Washington Post

## The Big Loser Is Prosecutor Starr, and Someone Should Tell Him

By Richard Cohen

WASHINGTON — So Charles Schumer won in New York. Barbara Boxer won in California. Evan Bayh won in Indiana, as did John Edwards in North Carolina. The losers were scattered all over the map, but one has to be mentioned up front: Kenneth W. Starr of McLean, Virginia.

Mr. Starr was on no ballot anywhere. But it was he — his image, his actions, his ideology and the bad company he keeps — who propelled me to the polls at an early hour and would have, had I lived in a different place in an earlier era, prompted me to vote several times. Take that and that and that.

In the fibbing spin of Newt Gingrich, Trent Lott and other Republican spokesmen, the Starr-Lewinsky-Clinton matter

did not play any role in the election whatsoever. And indeed, anyone could summon polling numbers to make that (boring) point. After all, in exit polling only 5 percent of voters said that their prime reason for choosing one House candidate over another was the "Clinton-Lewinsky matter."

Yet, as Sherlock Holmes noted in "Silver Blaze," sometimes what does not happen is as important as what does. In that story the clue was that the dog did not bark. In this election the voters did not turn out massively to send a message of no confidence to Bill Clinton. No amount of spin could alter that fact.

No amount of spin, in fact,

could make Mr. Gingrich's own prediction of a 40-seat pickup for the Republicans in the House simply drop out of everyone's database and into some sort of memory hole.

The upshot is a deafening note of either rejection of the chief Republican message or, to be ever so kind, a mere dismissal. The sex scandal that in August seemed certain to do for the Republicans what the Great Depression had done for the Democratic Party had fizzled.

Recall those days — a seemingly endless list of newspapers and commentators calling for Mr. Clinton's resignation. He, his party and maybe even his dog would be put to sleep. What is stunning is how ut-

terly mature and fair the voters seem to be. They condemn both Mr. Clinton and his pursuers, but they have put Mr. Clinton's flaws into some perspective. The behavior was wrong, but it did not involve abuse of power. The president did nothing wrong average painting contractor would not have done. You don't have to be commander in chief to have an affair.

Just after the Lewinsky scandal broke last January, I attended a conference in Europe along with many American politicians. We were in agreement — Mr. Clinton's polls would not hold. Mr. Gingrich said that and, for the record, so did any number of Democrats. I could not disagree.

Now, many months and one election later, we have learned

something about America. Mr. Clinton's numbers have held when it comes to job performance, and the Republicans, not to mention a Washington press corps that includes too many junior Torquemadas, have not been able to turn the president's smarmy private life into a political debacle.

The fanaticism, the dogged pursuit of a president through areas we once thought safe from government intrusion, the ideological assumptions that encouraged a special prosecutor to go where he, quite simply, should not, have been subjected to a plebiscite. The winner is common sense and common decency. The loser — big! — is Ken Starr. Please, someone, let him know.

The Washington Post

## The Old Aren't So Old, and the Young Are Plundered

By Robert J. Samuelson

WASHINGTON — John Glenn's return to space exemplifies the new truism that old age isn't what it used to be. The fact that a 77-year-old man is now orbiting the globe is a vivid reminder of the debate we are not having on Earth. This, of course, involves societies' inevitable aging.

In America, policies toward the elderly rest on outdated assumptions. When Congress created Social Security in 1935, life expectancy was 62 years, and the 65-and-over population was tiny. Now life expectancy is 76, and climbing.

Mr. Glenn's exploit is exceptional only for its visibility. We read every day of older Americans doing things that are more exciting: running marathons, climbing mountains, the infirmities that ultimately afflict us all either occur later or are more treatable than ever. Yet the age of 65 still survives

in politics and popular culture as the threshold of "elderly." In popular culture, the threshold is bound to crumble. Feats like Mr. Glenn's hasten the process. As older members

The age for full benefits should probably go to 70.

of the baby boom approach 60 (they are now in their early 50s), they will insist on their own vitality and relevance.

But in politics, change is less certain although no less necessary. A recent report by the Congressional Budget Office shows why.

In 1997, Social Security, Medicare and Medicaid cost 8 percent of national income

(GDP). Under present policies, the CBO projects that the share will rise to 13 percent of GDP by 2020, a 63 percent increase.

There are only a few ways to cope: Pay for the higher benefits by raising taxes, lowering other spending or running big budget deficits; or reduce the benefits by making programs less generous. The hardest — and most essential — task is to reduce future benefits.

Americans need to redraft the generational compact.

Social Security, Medicare and Medicaid are pay-as-you-go programs. Workers support retirees. According to the CBO, the average person aged from 65 to 79 receives \$12,000 in federal benefits (mainly Social Security and Medicare) and pays \$4,800 in taxes; meanwhile, the average person aged from 20 to 64 pays \$8,100 in

taxes and receives \$1,500 in direct federal benefits. To pay future benefits entirely by taxes would mean huge increases for workers. This is neither defensible nor desirable.

These immense intergenerational transfers require some justification, and the truth is that the moral claims of the old on the young have lost much of their original power. Two arguments are standard.

First, the old cannot cope for themselves, so a caring society tries to ensure them some minimum standard of living. This may still be true, but it is no longer true at age 65 or earlier.

Second, the old could not plan for their retirements because they did not know how long they would live. This was more true in the 1950s and 1960s (when life expectancy rose unexpectedly) than today. A prudent person now plans for a long retirement.

Return now to Mr. Glenn. Since his ascent, we have heard much rhetoric about making better use of the "talents and energy of the elderly." Well, the best way would be to have more of them work longer. They need to pay for more of their own retirements.

In practice, early retirement has to become harder. The eligibility age for Social Security's needs to be raised. The age for full benefits is now scheduled to reach 67 by the year 2027; it should go higher, probably to 70, and faster.

The elderly should pay more of Medicare's costs through higher premiums and co-payments. Tax breaks for those over 65, including exempting part of Social Security from in-

come taxes, should be repealed. All this may seem harsh, even "anti-elderly." It isn't.

I am not suggesting that everyone work 60 hours a week until age 90. As people grow older, they may want to mix work and leisure through part-time, part-year or intermittent jobs. The U.S. economy excels at creating new types of jobs to fit people's social needs.

Nor am I arguing that changes in taxes and benefits be made abruptly. They should be phased in to give people ample warning. I am 52. Changes would apply mainly to the baby-boom generation. They would prevent us from overtaxing our children. The longer changes are delayed, the harder they will be and the more conflict we will have.

We need to reinvent retirement. This is not an accounting exercise. It should reflect a sense of collective responsibility and present social realities. Mr. Glenn's space voyage shows how those realities have altered. Our programs for the elderly support more and more people who are more and more independent for longer and longer periods. What started as a sensible concern for the old is evolving into a selfish plundering of the young.

Washington Post Writers Group

## Trilateral Instead of Unilateral

By Otto Graf Lambsdorff

STOCKHOLM — The first time I heard the word "trilateral" was 25 years ago, when oil shocked us and some of the leading industrialized countries seemed more and more bent on unilateral actions in the face of what were, at the time, common problems.

On a bluff over the Hudson River, some of us — Japanese, Americans and Europeans — thought that our three regions had to get together in the face of increasingly global problems for which their joint leadership as industrialized democracies was required.

The idea has become banal over time. Presidents Valéry Giscard d'Estaing and Gerald Ford happened to concur, and the Group of Seven was born.

The idea commonplace in our three regions. Trilateral cooperation deteriorated in the end into majestic media opportunities staged largely for domestic consumption.

As long as the world remained divided by imperceptible ideological and concrete "walls," our three-sided cooperation flourished, up to a point where it was taken for granted. Some of us began to worry that we would fall into regional, inward-looking fortresses. That growing concern was at the heart of the process which altered a general agreement on tariffs and trade (GATT) into a full-fledged World Trade Organization.

Walls fell. Markets opened. Money circulated. Funds

hedged. "History," said some, had ended.

History, it so happens, is back with a vengeance. As the spread of distorted market practices tipped through Asia, then threatened to contaminate Latin America, the call that suddenly arises today in almost every informed commentary across the world seems to be: Let America, Europe and Japan assume their responsibilities and lead, for a change!

Over the years, despite closer cooperation among the three, each grew to think of itself as a potential "bloc" — money-wise and trade-wise — that could bend to its own advantage the nascent worldwide rules of behavior.

Came the present "crisis," unforeseen by most. Suddenly early "trilateralists" as different as Finance Minister Kiichi Miyazawa, President Bill Clinton and former Prime Minister Raymond Barre are echoed all over the world in their insistence that no, our three regions cannot go on their separate ways but need, perhaps more than ever before, to pool their strengths.

Today, the solution involves not only reviving the three regions' special relationship above the prevailing blocism, it also means retooling institutions that have weathered crises and now need new vigor. But there are two serious pitfalls to avoid. One is hubris. Remember-

ing how disastrous some Asian currencies' rigid link to the dollar has proved, we must not waste time with grandiose ideas of a "new Bretton Woods" or of "target zones" that would be unmanageable and won't happen anyway.

The second is the resurgent temptation of greater government intervention, either by inflationary increases in the money supply or by public controls on global trade.

By some estimates, that trade, for so long the decisive engine of world growth, may have declined by 25 percent in the last six months. To yield to mounting calls for protectionist measures reminiscent of the early 1930s can only spell disaster, both for the emerging countries and for us.

Perhaps the key word is "transparency." Our countries must collectively force it upon their banking and financial services industries. The same goes for the IMF, where transparency is often hindered for political reasons by the member countries.

The refreshing emphasis that the Group of Seven has chosen to place on transparency requires vigorous and accountable implementation.

The writer, a former West German economics minister, is chairman of the Trilateral Commission's European Group, which holds its 1998 meeting this weekend in Stockholm. He contributed this column to the International Herald Tribune.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Philippine Folly

PARIS — The Philadelphia "Ledger" sees no reason why we should pay one cent for the Philippines, and says: "The islands are ours by right of conquest, precisely as Alsace-Lorraine is Germany's. There is no precedent for our committing such an act of folly."

## 1923: Berlin Pogrom

BERLIN — Germany's wave of nationalism broke to-day [Nov. 5] into Berlin's Ghetto, resulting in a pogrom in several places. Although no one is reported to have been killed, scores of men and women were beaten by the angry mobs, and innumerable women and children were trampled under foot as rioters stormed through the crowded Jewish quarters. Later, anti-Jewish demonstrations broke out in various quarters of the city, far from the scope of

the original pogrom. Clothing shops were soon stripped of their contents. Grocery stores lost their provisions and the trail of the rioters was marked by bloodshed, but no fatalities.

## 1948: Eating Crow

WASHINGTON — Dr. George Gallup, whose poll was one of the many to predict a Dewey election victory, has accepted an invitation to eat crow at a dinner proposed by "The Washington Post." The newspaper, had guessed wrong about the election result. President Truman was invited. Pollsters, radio commentators and columnists who forecast that Dewey would win have also been invited. The main course will be breast of a tough crow — in reality turkey. Dr. Gallup has even offered to bring his own crow.

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## OPINION/LETTERS

## Democracy Is a Cultural Hothouse

By Flora Lewis

PARIS — Traditional culture, a favorite argument of the prophets of a clash of civilizations and of the Cassandras of globalization, was cited to explain the economic success of the Asian tigers. Now the same traits — family solidarity, disciplined work-and-save, reliance on connections and corruption — are cited to explain the failures.

Louder Arippe, a Mexican anthropologist, headed a scientific committee that has just produced the first World Culture Report for Unesco. She points out that it was considered impossible to collect real data and find objective measures to relate culture and economic models. But her team began the effort, and while a lot more has to be done, it already shows that the arguments against democracy as an economic handicap and a danger to cultural vitality are false.

The studies in the new report, compiled by 39 authors from many countries, show that democratic society tends to promote culture, rather than a democratic culture being the prerequisite to democratic politics. Amartya Sen, who just won the Nobel Prize for Economics for demonstrating that democratic countries do not suffer famines, contributes a chapter showing that economic development is advanced rather than hindered by democratic participation and diversity.

The argument that globalization of economic exchange means cultural homogenization is also

refuted by the data. "Many local cultures and art forms are stimulated by inter-cultural contact and by global markets, rather than crushed by them," the report finds. There are many levels of continuous cultural change, but it does not go in a single direction. Hybrid and new cultural expressions, inspired by outside influence, crop up where old ones seem to expire under the pressure of modern uniformity.

Recognition of the importance of cultural patterns in the way abstract models of economics, politics and social organization function in the real world is relatively new. The World Bank, for example, has had to learn from experience that these factors must be taken into account. But there has been a tendency to accept a kind of mystical aura about the role of culture, as if it could not be discussed in concrete terms.

Not only is that idea challenged by the Arippe committee's work, it offers surprisingly firm rebuttal of demagoguery based on certain cultural assumptions. "The current world scene," the report says, is "witness to numerous struggles for control over resources that too often are presented as cultural or ethnic conflict," when in fact the real issue is about how different people can live together.

The assumption that they cannot, leading to genocide in Africa, massacres in Bosnia, distress in Kosovo,

for example, is no more proven than the belief that they can.

But there is not an accepted word for the kind of interlocking cultural existence that technology, urbanism and globalization are now bringing to so many people. At the turn of the last century, most people lived in villages and few ever met a foreigner in their lifetime. Now most must expect to deal with some kind of "others."

The report refers to a "challenge of inter-cultural" and the need to "create spaces and institutions of cultural conviviality." These, in my view, are awkward attempts to go beyond the overused and rather demeaning word "tolerance," which implies reluctant acceptance, to a willing, shared experience.

Ms. Arippe suggests adoption of the Spanish word *convivencia* — literally, "living together," but with undertones of mutual support and cooperation. It refers to the period of rewarding civil life among Muslims, Jews and Christians in Andalusian Spain before the Catholic reconquest.

But it also echoes a new, constructive sense of using the extraordinary modern opportunities of cultural change for enrichment and enhancement of both innovation and tradition. "Convivencia" is a most useful addition to the global vocabulary.

It is a little worrisome, at a time when fashionable crystal balls must look bleak to be trusted, to be given so many reasons to think what we would like to think: that



democracy favors development and prosperity as well as liberty; that the world's cultural resources are increased, not diminished, by openness; that protectionism and dictatorships do not even protect their own people.

True, as the report keeps saying, a lot more data must be gathered, a lot more studies made. But it is also encouraging for a change to be told of hard evidence that things can and do improve.

Flora Lewis

## Immigration From Africa Changing the Face of Italy

By Sante Matteo

OXFORD, Ohio — In September 1996, Denny Mendez was crowned Miss Italy. The event was particularly newsworthy throughout the world because Miss Mendez, an immigrant from the Dominican Republic, is black.

What was even more striking was the popularity of the choice.

## MEANWHILE

Miss Mendez was chosen unanimously by the judges and also received the vast majority of the popular votes of the television viewers watching the pageant.

While few people outside of Italy realized there were people of color in Italy, the event was a defining moment for Italian society as it approached the new millennium and shaped a new identity for itself.

Over the past two decades Italy, previously known as a country of high birthrates and heavy emigration, has instead marked one of the lowest birthrates in the world and has become the destination of more than a million legal and illegal immigrants, many of them from African countries. By some estimates, over the past two decades hundreds of thousands of African immigrants have entered Italy, whose southern islands are only a few kilometers from the North African coast, thus giving a new face to Italian society and adding intriguing new dimensions to the future of Italy.

The changes in Italian culture brought about by this extensive multiracial and multicultural co-existence are likely to be both radical and permanent. Years from now, these decades just before the new millennium may well be seen as the period when a radically new Italy began to be created.

It is significant that this phenomenon of heavy immigration coincides with a period of social and political upheaval in the country, during which new demographics, new social attitudes and expectations, as well as new political parties have been forged and a new Italian constitution is being written. It is a truly millennial turning point in Italian history.

Much of the history and culture of the Italian Peninsula — and by extension all of Europe — has been shaped by its contacts with

African cultures: from the Punic wars between Rome and Carthage in classical times, to the Crusades on the threshold of the Renaissance, to the colonial wars in Somalia and Ethiopia at the end of the last century.

What makes the transracial encounter in Italy unique and worth watching is the fact that most of the African immigrants are going there freely, mostly for economic reasons. Racism has not been an entrenched, institutionalized aspect of Italian society — at least not racism directed at blacks. We can thus watch it being born in front of our eyes.

Italy can therefore serve as a laboratory for studying how to accommodate and promote racial and ethnic diversity under new conditions.

In the United States, slavery obliterated Africans' identities. In such other European countries as France and Britain, colonialism in Africa created a larger and more long-standing African presence than in Italy. However, precisely because of their colonial past, it is more difficult in those societies for Europeans and Africans to meet as equals.

In contrast, in Italy most of the African immigrants are not from the former Italian colonies in Somalia, Ethiopia, Eritrea and Libya, where in any case colonialism came relatively late and was short-lived. Those who emigrate maintain ties with their families and their homeland.

Furthermore, they have formed supportive communities in Italy and have established ethnic and cultural centers that preserve and promote their languages, their religions and their cultural practices. It is striking how similar the writings of these first African immigrants to Italy are to those of early Italian immigrants to the United States and Canada.

Despite some social prejudices and economic deprivations that these early immigrants face, there is evidence that they are able to assimilate more easily and make important contributions in shaping a new, more diverse Italian culture, one which may serve as a model for the rest of the world.

The writer is professor of French and Italian at Miami University in Oxford, Ohio. He contributed this column to the International Herald Tribune.

## LETTERS TO THE EDITOR

## Peace With One's People

Much has been said in recent days about the Wye agreement and the current violence in the Middle East. Two things are certain since the conclusion of the agreement: Benjamin Netanyahu must no longer pursue a policy of exclusion, but rather one of inclusion. The consequences of not doing so would translate into marginalizing Yasser Arafat's already waning constituent base and force him to adopt a defensive strategy.

Had Mr. Netanyahu not been so adamant in promising so much to the right wing in the elections two years ago, perhaps Israel would not find itself in the current predicament. Perhaps the coming weeks will reveal to Mr. Netanyahu the level of difficulty Mr.

Arafat must endure in marketing the Wye accord to his people.

It is easy to refuse to negotiate and it is hard to forge a lasting peace agreement, but the ultimate lesson is: Make peace with your own people.

MASSOUD DERHALLY,

London.

## Nature-Nurture Debate

Regarding "A Heretic Blasts Open Nature-Nurture Debate" (Oct. 29) by Paula Span:

I am amazed by the storm in the academic tea cup caused by Judith Harris. For millions of children, lacking in nutrition, health care and adequate education, the debate is largely irrelevant.

Peer influence is critical in shaping a child's behavior and

values, Ms. Harris asserts. But does this get parents and society off the hook? Don't parents have something to do with what peer influence their children fall into?

MANZOOR AHMED,

Tokyo.

The writer is director of the UNICEF Office for Japan.

Judith Rich Harris's "Brave New World" approach to child development, which greatly diminishes the parental role, is another example of a dangerous and insidious trend. Too often we see parents shirking off their responsibility of guiding their children. A reasonable approach to parenting acknowledges both the hereditary and environmental factors but it does not play down the importance of the family. In-

stead, we know that in spite of our mistakes, our fundamental duty is to love, nurture, teach and discipline our children. Although this does not absolutely guarantee that they will make positive choices, it will greatly increase the odds of success.

Ms. Harris should revisit her research and I think she would find that the time-honored approach of instilling values does in fact preempt peer group influence. But this requires great effort and sacrifice in education, and all responsible parents know it.

CLARE R. CHESLEY,

Pisa, Italy.

## Counting Whales

Japanese whalers may think that the numbers of whales in the north-

western Pacific are increasing ("Japan Cites Rise in Whale Numbers," Nov. 3), but any evidence for this is certainly not widely accepted. The scientific committee of the International Whaling Commission has not come to any conclusion about trends in minke or sperm whale populations and it is commonly acknowledged that the information on whale numbers is simply not adequate to be able to detect trends.

While Japan continues to exploit loopholes such as catching whales in the guise of science, and DNA analyses show protected species still on sale in Japan, other countries belonging to the commission will continue to oppose the lifting of the moratorium.

RUSSELL LEAPER,

Edinburgh.

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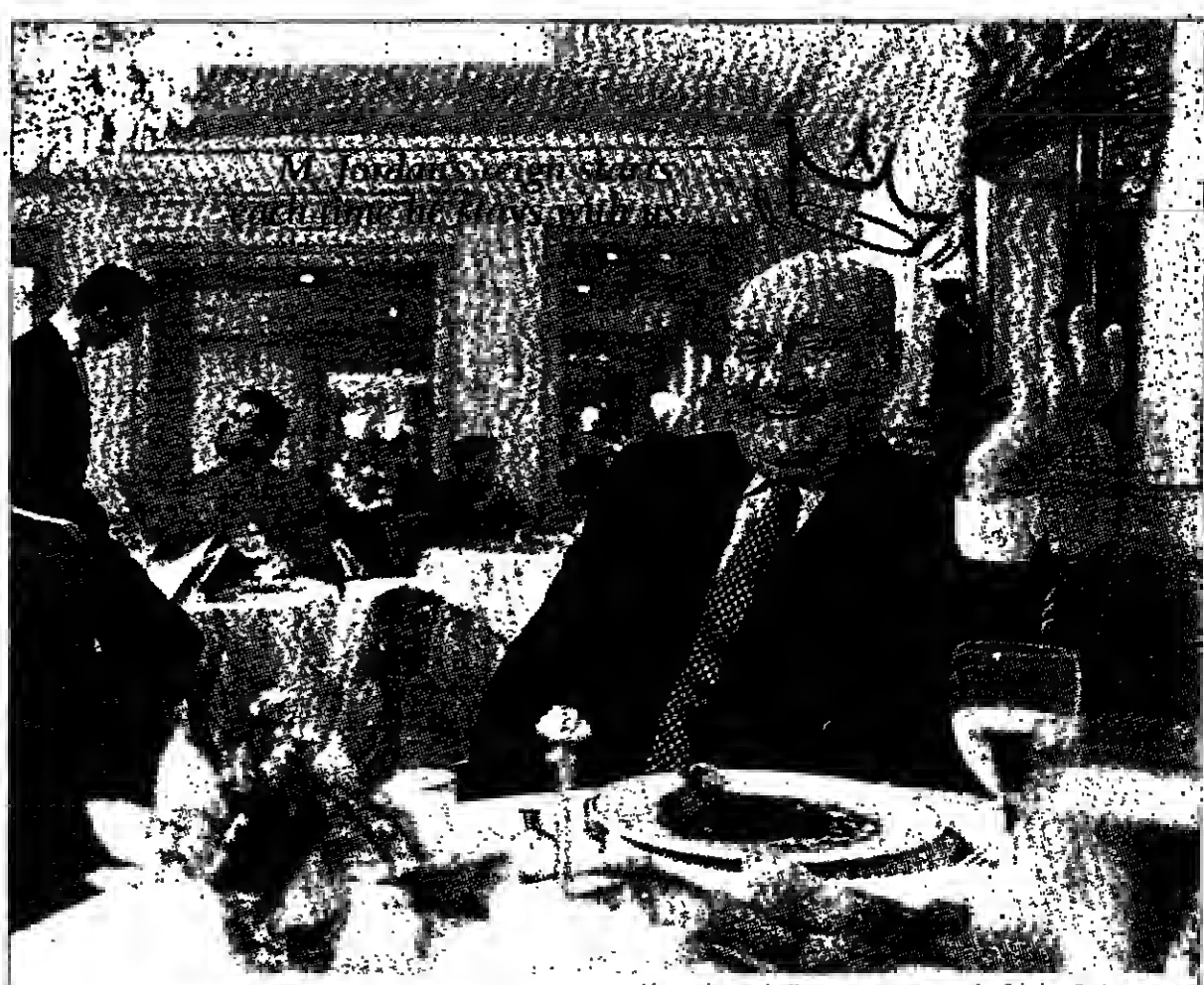


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## Off Season In Hawaii

A Time for Catching  
Waves and Whales

By Jocelyn Fujii

**H**ONOLULU — November opens the unofficial season of whale watching in Hawaii, as migrating whales and big-wave surfers turn the ocean into the site of the islands' favorite spectator sports.

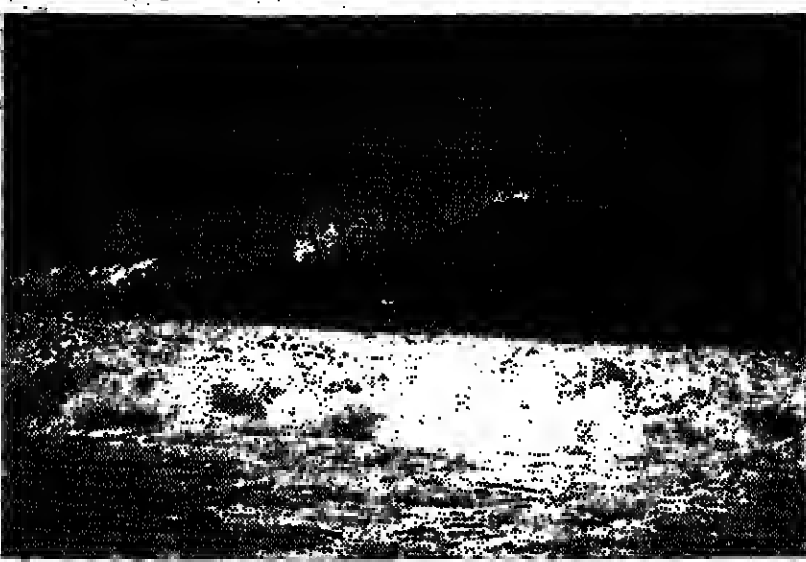
Unlike the economy and the weather, the humpback whales can be counted on. They return in late November and stay until April or May, breaching, spouting, mating and calving in the island waters that serve as their refuge from the icy ones they have left behind in Alaska. As for surfing, winter is its zenith, and waves aren't big unless they're 15 feet or higher. On the north shore of Oahu, the coastline becomes theater. No wave is too large for the world's most daring and accomplished surfers, who look like specks in the winter swell.

Attractive rates in hotel, air fare and travel packages can be found in November and the first three weeks of December. In this shoulder season (high season begins around Christmas and lasts until mid-April), the islands are less crowded and the weather, as in late spring, is at its best, averaging in the mid-70s — although several degrees warmer on the Kona-Kohala coast.

**WHAT'S GOING ON** Josef Albers, Jasper Johns, Frank Stella, Richard Diebenkorn, Roy Lichtenstein and Claes Oldenburg are among the 40 artists represented in "First Decade: Highlights From the Contemporary Museum's Collection," through Jan. 3 at the Contemporary Museum in Honolulu. Robert Motherwell's "Elegy With Rice Paper and Blue," from his series "Elegies to the Spanish Republic," is among the works not previously shown here. The museum is open Tuesday to Sunday, 10 A.M. to 4 P.M.

In Hilo, on the Big Island of Hawaii, the historic Palace Theater will reopen with Nadia Tass's film "Amy" on Nov. 13 as part of the Hawaii International Film Festival. More than 150 films will be shown from Nov. 6 to 19 throughout the islands. Renovation of the 73-year-old neo-classical theater is not complete, but this will be the first screening of films there since 1982.

A storm in the Aleutians would be great news for big-wave surfers and spectators hoping for epic El Niño-generated surf at this year's Vans G-Shock Triple Crown of Surfing Series, from Nov. 5 through Dec. 20 at Haleiwa Beach, Sunset, and Pipeline on Oahu's North



Waves aren't big in Hawaii unless they are 15 feet or higher.

Shore. Top professional surfers will compete for \$1 million in men's and women's events.

Good timing, powerful binoculars and quick reflexes (to pull over if you're driving, or to drop whatever you're doing if you're not) are useful when humpbacks appear, most reliably along the west and south Maui shoreline.

Favorable vantage points along the west shore include Papawai Point, McGregor Point, scenic overlook, Launiupoko State Wayside and Waikuli State Wayside; on the south shore, Wailea Beach Park and the dining rooms of the deluxe Wailea resorts. On Oahu, Makapuu Point, Waikiki and the Kaena Point Trail on the leeward coastline can be center stage. The Pacific Whale Foundation supports its research with daily whale-watching cruises beginning Dec. 1 on Maui.

At the Maui Ocean Center, a new five-acre marine park at 192 Maalea Road, life-size whale models are part of the 60 exhibits. Jaws drop during shark feeding and in the 54-foot walk-through tunnel aquarium.

Sections of a 22.5-mile network of ditches, flumes and tunnels built in 1906 to irrigate sugar plantations have been transformed into an easy, meandering waterway for kayaking. Guides with the Kohala Mountain Kayak Cruise explain the region's history while gliding in the narrow outdoor flumes that traverse rain forest and stands of wild ginger. Headquarters are in Hilo, at the junction of Highway 270 and 250.

On Oahu, Pearl Harbor's newest resident, the 887-foot (270-meter) Missouri, where General Douglas MacArthur accepted Japan's surrender, is being prepared for its opening in January as a national memorial and museum. It is moored near the Arizona, sunk during the Pearl Harbor attack.

The new Waimea Brewing Company, at Waimea Plantation Cottages, 9400 Kaunualii Highway, Waimea, may seem out of character in a retro-historic plantation village, but in the dusty, dry plains of this west Kona town, there's something to be said for cold beer. The

48 authentic plantation cottages from the early 1900s were moved from a nearby plantation and faithfully restored and equipped with verandas and full kitchens. For those heading for the Waimea Canyon and Kokee State Park, this is the last homely before the 4,000-foot ascent. Rates range from \$170 to \$500; (808) 338-1625, fax (808) 338-2338.

On the Hana coast in east Maui, a three-hour drive from Kahului Airport, the once-misty Heavenly Hana Inn, 4155 Hana Highway, reopened in June behind its signature bamboo gate as a sleek, stunning Japanese-style hostelry of three suites under one roof but each with separate entrance. Lush gardens surround the studio and suites and the grand dining room, featuring exotic woods and impressive craftsmanship. Rates range from \$100 to \$235; (808) 248-8442.

### WHERE TO EAT

Hoku's at the Kahala Mandarin Oriental Hotel, 5000 Kahala Avenue, Honolulu, has a new culinary team: The executive chef is Markus Greiner, formerly of the Regent Hotel in Hong Kong, and the executive sous-chef is Wayne Hirabayashi, formerly of the Halekulani Hotel. They have been luring new diners to the elegant ocean-view dining room, and keeping the faithful, with favorites like grilled misoyaki vegetables with taro gnocchi and deep-fried whole island fish. Dinner for two with wine reaches to \$130; (808) 739-8777.

It has been a stellar lobster season on the north shore of Kauai, where Roadrunner Bakery and Café, 2430 Oka Street, Kilauea, also features organic local vegetables, 30 types of chilies, and pork, fish and free-range chicken. Lobster fajitas (\$16.95) and tacos prove that lobsters can be fresh, good and cheap. Dinner for two (bring your own wine) is about \$35; (808) 828-8226.

Jocelyn Fujii, who lives in Honolulu, wrote this for The New York Times.

## THE FREQUENT TRAVELER

# A Growing Problem of Sky Rage

By Roger Collis  
International Herald Tribune

**Y**OU'RE sitting in a pressurized aluminum tube at 35,000 feet with 350 fellow passengers and somebody near you becomes abusive or violent or goes berserk, threatening not only the peace and well-being of people around but the safety of the aircraft. What can you do? You can't walk away or go outside. What should the cabin staff do?

"Sky rage" — unruly, disruptive behavior of passengers on board aircraft — is reaching unheard-of levels. In 1994, the U.S. government received reports of 260 incidents. In 1997, that number had increased to 930. During the first three months of 1998, there were 258 reports, 63 involving physical violence.

British Airways registered 266 incidents of disruptive behavior in 1997, including 17 cases in which passengers were restrained with handcuffs. Cathay Pacific estimates that incidents of sky rage have risen by 400 percent since 1995. Swissair reports a growing number of incidents, although "it's still a minor problem."

Airlines are adopting tougher means to tackle sky rage. "We have a zero-tolerance policy," a United Airlines spokesman said. "We will not put up with abuse or criminal activities by passengers and we will take appropriate legal action." British Airways empowers its staff to refuse boarding to anyone who is abusive or who appears on the verge of drunkenness and to remove duty-free liquor until landing.

This follows two recent court cases in which prison sentences of up to two years were given after assaults on cabin crew by drunken passengers. Disruptive passengers now receive a warning that they face arrest on touchdown unless "they cease their unacceptable behavior." BA called this week for aviation authorities to extend the jurisdiction of arrest to local police forces for incidents on British-registered aircraft and to "create a uni-

fied and effective reporting system of offenders among airline regulators."

Virgin Atlantic has announced "a lifetime ban" on a 30-year-old British passenger after he allegedly smashed a cabin attendant over the head with a bottle of vodka on a flight to Malaga last Sunday. Virgin calls for setting up a data base "to coordinate a list of such offenders worldwide to be made available to all airlines."

Richard Branson, Virgin's chairman, said, "Flight attendants and passengers must be protected against maniacs like this. Airlines and holiday companies worldwide must act together to ground anyone for life for this kind of horrible behavior."

### LIQUOR AND SMOKE

Andrew Charlton, legal director of the International Air Transport Association in Geneva, said, "The problem is growing, but off a low base. If airlines lost as few bags as they have unruly passengers, then a lot of people would be very happy. So you have to treat it in context. On the other hand, if I lose my bag, 399 people walk through the airport and never have any idea; I run amok and 399 people have an extraordinarily bad journey. I risk killing people."

Airlines have targeted the main causes of disruptive behavior as smoking on board nonsmoking aircraft, drunkenness and complaints about being upgraded, being downgraded or not having the seat they wanted.

Charlton said, "There's a bunch of causes. It's increasingly more difficult to get to the airport, through the airport and get on to the plane; sector lengths are growing and flights are more crowded; plus you give people free alcohol and don't allow them to smoke. But there are many other factors hard to track; it could be the distance between check-in and the door of the aircraft, delays before boarding when people drink at the bar, the size of overhead bins. It's like suggesting there's one reason for road rage. Society is different now."

"Sky rage is an issue we

take seriously," said Paul Moore, a spokesman for Virgin Atlantic in London, "but it's still fairly rare — we fly three million people a year and in the last 18 months we've only had three incidents that have resulted in a court case. The chances of sitting next to a disruptive passenger are probably less than on a Friday night in the pub. We focus on training staff to spot signs before a situation gets out of hand, to keep an eye on how much people are drinking and to identify people on boarding who might be a potential nuisance."

"We use a company called REACT to train our cabin crew in how to pacify, keep people under control, through talking, communicating, and ultimately be prepared for physical restraint."

"The last thing we want cabin crew to do is to touch passengers," said Patrick Donovan, a director of REACT in London. "We pass on our skills as ex-police self-defense trainers to airline crew and practice set-up situations in our cabin mock-up — psychological techniques, how to defuse incidents through talking to someone who is aggressive or angry. I get an incident every couple of weeks where it hasn't gone to violence, when the person has been nasty and horrible and the crew has talked and talked and resolved the situation. But if someone tries to get on the flight deck or decides they want to get off the plane at 35,000 feet, the crew has to be given the means to restrain them. People take a prescription drug for flying,

mix it with alcohol, mix it with altitude, and you've got a time bomb."

Most airlines carry plastic or metal handcuffs and other restraining devices such as straitjackets. But trying putting handcuffs on someone who has gone berserk. That requires training.

International legislation to deal with disruptive passengers is based on the 1963 Tokyo Convention. In some countries, this has been enacted to allow an unruly passenger of whatever nationality to be arrested upon arrival with a foreign carrier. British law allows police to detain passengers on any aircraft arriving in Britain at the request of the captain.

**WIDER JURISDICTION** "The purpose of the Tokyo Convention is to allow a recipient country, say the United States, to extend its jurisdiction to arrest a person even though he or she did not commit a crime in the United States," Charlton said. "Countries with the 20 largest carriers — the United States, Britain, Australia, Thailand, Hong Kong, the Netherlands, Switzerland — have sufficiently broad legislation for a passenger who behaves in an unruly way to be arrested and treated according to that country's laws."

"So if you misbehave on a BA flight to New York, you can be arrested at JFK."

One way to get the message across to unruly passengers, Charlton added, is to have police showing up in uniform when the plane lands, and to publicize successful prosecutions.



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Petersburg • Georgia: Atlanta (3), Lake Lanier • Hawaii:  
Maui • Illinois: Chicago, Oak Brook, Springfield • Maryland:  
Baltimore • Massachusetts: Boston • Missouri: St. Louis •  
New York: New York, White Plains • Ohio: Cleveland •  
Tennessee: Nashville • Texas: Austin, Dallas (2), Houston •  
Washington: Seattle • Canada: British Columbia:  
Vancouver • Ontario: Niagara Falls • South America:  
Brazil: São Paulo • Caribbean: Dominican Republic: Santo  
Domingo • Grenada: St. George's • Jamaica: Ocho Rios •  
U.S. Virgin Islands: St. Thomas

Look for these new locations opening soon:

United Kingdom: Gatwick, Manchester, Reading •  
Israel: Tel Aviv





## ARTS GUIDE

## AUSTRIA

**VIENNA**  
Kunsthaus Wien, tel: (1) 521-8914, open daily. To Jan. 17: "Bourgeois/Lang/Holzer." Sharing a common interest in the investigation of the human body, relationships and obsessions, the sculptress Louise Bourgeois, the concept artist Jenny Holzer and the fashion designer Helmut Lang are exhibiting installations, drawings and texts.  
www.kunsthauswien.at

## BELGIUM

**BRUGES**  
Memlingmuseum, tel: (50) 44-66-44, open daily. Continuing To Dec. 6: "From Memling to Pourbus." Focuses on 15th- and 16th-century art in Bruges, with paintings by Hans Memling, Gerard David and Pieter Pourbus.

## BRITAIN

**LONDON**  
Hayward Gallery, tel: (171) 928-3144, open daily. Continuing To Jan. 11: "Addressing the Century: 100 Years of Art and Fashion." Celebrates the relationship between art and fashion throughout the 20th century. The exhibition brings together fashion, photography, theater design, video and film by artists, fashion designers and photographers.  
Tate Gallery, tel: (171) 867-6000, open daily. Continuing To Jan. 17: "John Singer Sargent." A retrospective of 130 paintings that includes the cosmopolitan artist's society portraits, his early Paris work, his Impressionist paintings and his late Venetian and Swiss landscapes.

## CHINA

**SHANGHAI**  
Shanghai Museum, tel: (21) 8372-3500, open daily. To Jan. 31: "Zao Wou-Ki: Sixty Years of Painting." More than 100 works, from the first figurative paintings to the large abstract polyptychs of the mature years. Born in Beijing in 1921, Zao Wou-Ki has been living in Paris since 1948 and his abstract oils reflect both European and Chinese traditions. The exhibition will travel to Beijing and Guangzhou.

## FRANCE

**PARIS**  
Grand Palais, tel: 01-44-13-17-17, closed Tuesdays. Continuing To Jan. 4: "Gustave Moreau, 1826-1898." Drawings, sketches, watercolors and paintings document the works of the French painter (1826-1898). Jan. 11: "Lorenzo Lotto." A retrospective of 50 paintings by the Venetian Renaissance master (c. 1480-1556). Jan. 25: "Tresors du Musée National du Palais de Tokyo — Mémoire d'Empire." A discovery of Chinese art and civilization from the Neolithic period to the 20th century.

**Musee d'Orsay, tel: 01-40-49-48-14, closed Mondays. Continuing To Jan. 3: "Millet — van Gogh." A juxtaposition of lyrical renditions of life in the fields by the 19th-century French painter and Van Gogh.**

## GERMANY

**BERLIN**  
Neue Nationalgalerie, tel: (30) 262-2653, closed Mondays. To Jan. 10: "Paul Gauguin: Das Verlorene Paradies." The French painter (1848-1903) spent the last 10 years of his life on Tahiti where he discovered how the strange and exotic clashed with the reality of colonialism. His bright, colorful paintings symbolize this lost paradise.

**Munich**  
Haus der Kunst, tel: (89) 21-127-157, open daily. To Feb. 7: "Ole Nacht." Depiction of nocturnes — scenes involving stellar light or artificial light sources such as candles, fireplaces, lamps — in Western painting from the 15th to the 20th century. Features works by Cranach, Georges de La Tour, Rembrandt, Fussli, Blake, Munch, Hopper and Magritte.

## HONG KONG

**Hong Kong Museum of Art, tel: 2734-2167, closed Thursdays. To Jan. 1: "Egyptian Treasures From the British Museum." A selection of 105 items that cover Egyptian art between the years 3000 and 300 B.C. Includes sculptures of pharaohs, funerary figurines and amulets, papyrus and jewelry, reflecting the Egyptians' desire for an afterlife.**  
www.usd.gov.hk/hkma

## ITALY

**VENEZIA**  
Museo del Settecento di Ca'Rezzonico, tel: (41) 5204-036, open daily. To Jan. 10: "Il Mondo di Giacomo Casanova: Un Veneziano in Europa, 1725-1798." Through the emblematic figure of the Venetian adventurer, the exhibition documents the culture, the contradictions and the concerns of the 18th century. Features works by Watteau, Boucher, Canaletto and Longhi.  
Palazzo Grassi, tel: (041) 522-8675, open daily. To May 16: "Maya." Six hundred items trace the development of the Maya civilization in Central America and Mexico. The exhibition looks at the architecture, everyday life and the importance of maize, religious beliefs and rituals, and their contribution to astronomy and mathematics.  
www.palazzograssi.it

## JAPAN

**Kyoto**  
Kyoto National Museum, tel: (75) 541-1151, closed Mondays. To Nov. 23: "Elegance, Virtue and Ceremony: Buddhist Paintings of the Heian and Kamakura Periods." Examines the relationship between aesthetics and religious



Zao Wou-Ki's works, now in a Shanghai show, will travel to Beijing.

faith during the "Age of the Court," from the end of the 8th century to the mid-14th century.  
www.kyocoku.go.jp

**TOKYO**  
Setagaya Art Museum, tel: (3) 3415-8911, closed 2d and 4th Mondays. To Dec. 6: "The Poetry of Pale Light: The Paintings of Yoshida Yoshiko." Approximately 100 historical scenes and landscapes by the Japanese painter that are characterized by the use of gold leaf and mineral pigments.  
www.setagayamuseum.or.jp

## SPAIN

**MADRID**  
Museo del Prado, tel: (91) 330-2800, closed Mondays. To Jan. 10: "Felipe II. Un Príncipe del Renacimiento." Documents how works of art contributed to the religious, political and cultural education of Philip II, son of Emperor Charles V and art patron. Features portraits and religious paintings by Titian, Hieronymus Bosch and El Greco.  
http://museoprado.mcu.es

## SWITZERLAND

**GENEVA**  
Musée Rath, tel: (22) 418-3340, closed Mondays. Continuing To Jan. 22: "Mexique, Terre des Dieux: Trésors de l'Art Précolombien." More than 400 artifacts illustrate the cultures of the Maya, Zapotec and Aztec civilizations: pottery, stela and sculptures.

## UNITED STATES

**BOSTON**  
Museum of Fine Arts, tel: (617) 267-9300, open daily. Continuing To Dec. 27: "Monet in the 20th Century." More than 80 paintings created by the French Impressionist from 1900 until 1926, the year of his death.

**New York**  
Museum of Modern Art, tel: (212) 708-9400, closed Wednesdays. To Feb. 2: "Jackson Pollock." Pollock (1912-1956) first attracted attention with totemic images of figures and animals. In 1947, he embraced the style that would make him famous: Dripping paint from a stick held above the canvas, he wrote abstract webs of lines, ornamented with splatters of color. The exhibition includes 126 paintings and 69 works on paper and will travel to the Tate Gallery in London.  
www.moma.org

## CLOSING SOON

**ASIA**  
Nov. 10: "The New Millennium Smile." 1998 Kyongju Culture Expo, Kyongju, South Korea.

**Europe**  
Nov. 8: "La Collection du Dr. Henn-Augusta Widmer, 1853-1939." Musée Cantonal des Beaux-Arts, Lausanne.  
Nov. 11: "Fontane und die Bildende Kunst." Nationalgalerie, Berlin.

Compiled by Elisabeth Hopkins



Jackson Pollock demonstrating his drip technique: The result, "Number 32, 1950" is being shown at the Museum of Modern Art in New York.

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in Europe**  
on November 7, 1998



THE WORLD'S DAILY NEWSPAPER

## BOOKS

## A LIKELY STORY: ONE SUMMER WITH LILLIAN HELLMAN

By Rosemary Mahoney. 273 pages.  
\$23.95. Doubleday.

Reviewed by  
Christopher Lehmann-Haupt

As a brilliant but troubled 17-year-old, a scholarship student at the privileged St. Paul's preparatory school whose father had died when she was 8, Rosemary Mahoney read the memoirs of Lillian Hellman and was overwhelmed. "She lived her life: I merely walked along beside mine, keeping an eye on it, reining it in," Mahoney writes in her own riveting memoir, "A Likely Story: One Summer With Lillian Hellman."

"When Hellman wrote about her smallest experiences," she remarks, "they had the feel of epic adventures with epiphanic endings." She was brave and strong and full of noble ideals.

And when she wrote in "An Unfinished Woman" that she was "overpowered, oversensitive, overbearing" because she was shy and frightened, I wanted to see her, have a look at her, and let her have a look at me, for surely she would recognize similar traits in me."

So Mahoney wrote to Hellman, asking whether she could work for her at her summer home on Martha's Vineyard "in some capacity." When to her amazement Hellman wrote back offering her a job as a part-time live-in housekeeper for the summer, Mahoney imagined that they "would become great friends."

She adds, "I felt that this meeting with Lillian Hellman was a natural step in my destiny, proof that I was, as I sometimes dared to suspect to the darkness and safety of my bed, special."

But over that summer of 1978, her experiences were such that six years later, when she was helping to renovate an apartment and she literally stepped on the headline announcing Hellman's death, she was prompted to write, "Seeing those words was like discovering that the cool, slippery object you've crushed beneath your bare foot in the garden is a large pus-colored slug." She heard herself mutter, "Thank God."

She writes: "Lillian Hellman was good and dead. I clapped my dirty hands and made cracks about the pieties that were sure to be scattered about her funeral."

What had gone so wrong between them? On the evidence of Mahoney's endlessly fascinating book, practically everything. The job she had pictured vaguely as a part-time companion and assistant turned out to be a full-time combination of chauffeur, housekeeper, valet, butler, messenger, kitchen girl, answering service and laundress. In short, Hellman's servant. Looking for someone to replace her own adored mother, who had been sliding deeper into alcoholism ever since her husband's death, Mahoney found instead a frightened, partially blind 73-year-old woman wholly preoccupied with her own decline.

On top of being disappointed in the sight of Hellman up close, Mahoney was too wrapped up in herself to understand other people's interests. (For instance, she writes of the ritual Hellman and her friends made of preparing food, "Cooking did not strike me as a useful activity, but these people were mad for it.")

Moreover, Mahoney failed to understand an older generation that simply did not believe in fraternizing with the help. (Among all of Hellman's celebrity guests that summer, among them William and Rose Styron, John and Barbara Hershey, Mike Nichols, Carly Simon and James Taylor, only Joseph Alsop, the aristocratic newspaper columnist, treated Mahoney as an equal, even going so far as to serve her coffee at breakfast.)

But most of all, Mahoney learned an essential lesson. As she herself puts it after reading pages her employer had discarded from a defense she was writing against those who had said she was dishonest in "Scoundrel Time," her memoir of the McCarthy era: "There was more than one version to the world. What people stood for wasn't necessarily what they were."

If Hellman was noble in her books, Mahoney found her petty in person; if she seemed brave, she was actually fearful; if generous, then grasping; if large, small.

Unluckily for her subject, Mahoney kept her anger at a boil, her sharp eye peeled and her journal always at hand to be filled. Her memoir is overwritten here

and there, with 100 many similes piled up; but when tasted one sentence at a time, her descriptions of Hellman can be deadly. "The lunch and heat had made her sleepy. Her face looked immovable and slightly sinister, the big beaky face of a sea turtle at rest on the ocean floor, dreaming and digesting, with one dyspeptic eye half open in a sluggish scan for predators and perhaps more food."

By turns hilarious and infuriating, Mahoney's sketches of Hellman add up to a portrait of a small-minded tyrant who, when she wasn't ignoring Mahoney, was subtly putting her down. Hellman's typical tactic was to accuse Mahoney of something she hadn't done, like failing to rinse a bowl or eating all the tomatoes in the refrigerator. Then if Mahoney defended herself, she would be accused of being argumentative.

Each such incident was tiny, significant but their cumulative weight grew to be unbearably oppressive. "Hellman was like a dark sky coming closer and closer to the ground, pressing me down," Mahoney writes. "The less she seemed to see me, the more she pressed me. I walked with my head down. She always had the final word." Worse, Mahoney could not stop being respectful, even affectionate at times. The contrast with what she had hoped for in the way of friendship made her burn with shame.

Eventually the summer ended. She escaped, finished her schooling, went on to write two well-received books, "The Early Arrival of Dreams," about a year she spent teaching English in China, and "Whoredom in Kinnage," a portrait of rural Irish pub life. But she has clearly worn her summer experience with Hellman like, as she puts it, "a scab that wanted picking." She has written with a vehemence that stings on every page.

In the end, "A Likely Story" may simply prove the old adage that no man is a hero to his valet. But it was Hellman's self-destructive misjudgment to hire a valet with a fierce sense of morality, an exquisite eye for detail, a sharp eye for character, a fanciful way with words and a long memory. And Mahoney's willingness to share blame makes her portrait all the more absorbing and damning.

New York Times Service

## BRIDGE

By Alan Truscott

THE world's smallest annual team event, with just four invited squads, is also one of the strongest.

It is the Marlboro China Cup, played in Beijing, and the winners were four Frenchmen who have won multiple world titles: Paul Chemla, Alain Lévy, Christian Mari and Frank Mulron.

For winning a double round-robin ahead of, in order, another European team, a North American team and a team from the host country, they collected \$18,000 in prize money. In the parallel event for women's teams, China took the top prize.

The runners-up in the main event were a British family

threesome: Paul Hacken and his twin sons, Jason and Justin. Their fourth was Geir Helgemo of Norway, who demonstrated on the diagrammed deal exactly why

he is a candidate for the title of world's best player. He opened the South hand with one spade and landed in four spades after hearts had been bid on his left and clubs on his right. His partner's three-heart cue-bid showed spade support with invitational values. When the heart ace was led and the dummy appeared he discovered too late that the opponents could have been heavily penalized.

West shifted to a trump at the second trick and dummy's nine-won. South led to the diamond ace and scored the next four tricks by crossruffing in the red suits. Trumps were drawn to reach this ending:

Helgemo led his remaining diamond, throwing the club jack from dummy, and

he hoped that the outstanding diamonds would be divided. They were, and dummy's hearts provided his tenth trick. By good timing, he had made a game that failed at the other three tables. Notice that it would not have helped the defense to unblock in diamonds. Dummy would still have scored a heart trick.

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## CROSSWORD

## ACROSS

- 1 It'll give you an even split
- 9 Hello and goodbye
- 15 Heat star, 1995
- 16 European capital
- 17 Was fought from to do something
- 19 Result of a Gouyou perhaps
- 20 Some hummingbirds
- 21 Humble beginning
- 22 Vice President under Grover Cleveland
- 26 Extended perhaps
- 27 Get all guessed up
- 38 Lesser Spanish noblemen
- 39 Revolver feature, perhaps
- 46 Academic settings
- 54 They're likely to come to blows
- 55 1964 Hitcock thriller
- 56 Channel surfer's locale, maybe
- 57 Indian

## DOWN

- 1 Make a bundle
- 2 Intestinal pains
- 3 Wrangle
- 4 Lady's man
- 5 Only same-year N.C.A.A. and N.I.T. journey winner (1990)
- 6 Piece of cake?
- 7 French wave
- 8 Oesophageal
- 9 About 1/3 cubic yards
- 10 Engaging individual
- 11 Pervasive quality
- 12 Place for a pin
- 13 Inconstantly
- 14 Standard bearers
- 18 'It Must Be
- 21 The Carpetbaggers co. star 1964
- 22 Sure target
- 23 Bond, but not James Bond
- 24 They're called on account of rain
- 25 Troubles
- 26 Shade of red
- 27 And what rare as

## Solution to Puzzle of Nov. 5

SOFTBOILED AMAO  
IFYOUCOKE SALE  
PLOWMARES ANTE  
PACOS EVE KATIE  
ETO ABENA AREAS  
REARAN TIE CEE  
BAA ETNA AGE  
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FOR NAB DRAWN  
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- 21 The Carpetbaggers co. star 1964
- 22 Sure target
- 23 Bond, but not James Bond
- 24 They're called on account of rain
- 25 Troubles
- 26 Shade of red
- 27 And what rare as

## ACROSS

- 26 Extended perhaps
- 27 Get all guessed up
- 38 Lesser Spanish noblemen
- 39 Revolver feature, perhaps
- 46 Academic settings
- 54 They're likely to come to blows
- 55 1964 Hitcock thriller
- 56 Channel surfer's locale, maybe
- 57 Indian

## DOWN

- 1 Make a bundle
- 2 Intestinal pains
- 3 Wrangle
- 4 Lady's man
- 5 Only same-year N.C.A.A. and N.I.T. journey winner (1990)
- 6 Piece of cake?
- 7 French wave
- 8 Oesophageal
- 9 About 1/3 cubic yards
- 10 Engaging individual
- 11 Pervasive quality
- 12 Place for a pin
- 13 Inconstantly
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A Ren  
wants  
puts  
guest

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RENAISSANCE  
HOTELS AND RESORTS

It's time for a Renaissance

Herald Tribune

# BUSINESS/FINANCE

FRIDAY, NOVEMBER 6, 1998



RENAISSANCE  
HOTELS AND RESORTS

It's time for a Renaissance

PAGE 15

## U.S. Growth In Payrolls Falls Short

By Accident, Numbers Come Out a Day Early

By Mitchell Martin  
International Herald Tribune

NEW YORK — The U.S. economy gained 116,000 jobs in October, a smaller-than-expected increase that was accidentally revealed Thursday — a day ahead of schedule — on the Internet site of the Bureau of Labor Statistics.

The unemployment rate was 4.6 percent, unchanged from September, the Labor Department agency said, deciding to reveal other monthly employment statistics after the job-creation number became known.

Perhaps the first person to have discovered the early posting was Ray Stone, managing director of Stone & McCarthy Research in Skillman, New Jersey. Mr. Stone was looking through the Internet site at 8:35 A.M. Eastern time, said Dana Saporita, a Stone & McCarthy economist, when he saw evidence of a change in a table that contained the job-creation data. Ms. Saporita noted that the information usually was posted at 8:30 A.M. on the first Friday after the end of the month, and she speculated that a worker at the government may have been confused about the day of the week. Ms. Saporita said her company notified the government at about 9:15 that it thought it had seen the October number, then alerted its clients at 9:20.

Though the data did not seem to have much effect on the financial markets, their early release was an embarrassment for the government. Labor Secretary Alexis Herman issued a statement in Washington, Reuters reported, in which she said:

"The integrity of the Bureau of Labor Statistics numbers is our top priority, and we are uncertain at this time how some data from the October report made its way on our Internet page. We recognize that in the age of instant communications, we at the department must assure that information can be accessed by all in a fair and equitable way."

"That is why we do have strict rules

See ECONOMY, Page 16

## Steelworkers Call for Protection

In World Crisis, U.S. Producers and Unions Battle Surge in Imports

By Peter Behr and Paul Blustein  
Washington Post Service

WASHINGTON — From every corner of the U.S. steel industry, protests are rising as companies and steelworkers demand protection from the record surge this autumn of steel imported from Russia, Japan, Brazil and other nations battered by global economic shock waves.

With their home markets withering, producers in those countries have flooded the strong U.S. economy with steel priced too low for domestic manufacturers to match, industry officials complain. Layoffs have begun, profits are eroding, and expansion plans are being put on hold in what is shaping up as the industry's biggest challenge in more than a decade, according to experts.

At Bethlehem Steel Corp.'s Sparrows Point plant near Baltimore, employees rallied last week to demand help from President Bill Clinton's administration.

"Are we ready to stand up for steel?" asked Joseph Rosol, president of the local chapter of the United Steelworkers union. A thousand voices shouted approval, and, as if on cue, the plant's sole operating blast furnace exhaled a huge, rumbling "amen" of fire-hot gases.

The U.S. industry's cries for relief have created a sharp dilemma for the Clinton administration, dividing top officials who have been meeting this week in search of a response. Some policymakers worry that steel is just the first of a number of U.S. industries that could bear the brunt of worldwide economic upheavals, and they argue that Washington must be prepared to offer relief.

Domestic makers of machine tools, textiles and computer chips could soon be fending off a damaging surge in low-priced imports, Commerce Secretary William Daley warned at a recent meeting of agency heads responsible for economic issues.

Mr. Daley has already intervened to help slow the inflow of steel, announcing that heavy duties may be imposed retroactively, as penalties on some steel imports, if U.S. producers can show they are being injured by "dumping" at unlawfully low prices.

But the push for tougher steel-import barriers is drawing resistance from other officials, led by the administration's most influential economic policymaker, Treasury Secretary Robert Rubin. The Treasury Department is worried about hammering the very countries — notably Brazil, South Korea and Russia — that Washington hopes to nurture back to health for the sake of future export opportunities.

U.S. officials also say that aiding such industries as steel could send a message to the rest of the world that the United States is turning protectionist. This could undermine a fragile free-trade consensus around the world and lead crisis-stricken countries to abandon efforts to keep their economies open to imports.

But ignoring steel's plight could strengthen trade critics in Congress, where the industry recently won an overwhelming vote on a resolution in the House of Representatives to halt steel imports from several countries. Although the resolution was nonbinding, the vote of 345 to 44 stunned the White House.

"The administration is very concerned by the current



A member of the Sparrows Point Steelworkers union making his point at a rally against imports.

economic situation faced by steel," said Charlene Barshofsky, the U.S. trade representative. "There is no question that imports have surged dramatically, and prices have cratered. The question is how best to deal with the situation."

Industry representatives and the United Steelworkers were to meet Thursday with President Bill Clinton, just as the import surge is beginning to take a toll. U.S. Steel Group, based in Pittsburgh, said Wednesday that it would curtail operations at its Fairless Works near Philadelphia by 70 percent.

Bethlehem Steel has scaled back some production at Sparrows Point, a vast fortress of furnaces and mills, many

See STEEL, Page 18

## Bundesbank Rejects Pressure for Easing

By John Schmid  
International Herald Tribune

FRANKFURT — It had been awaited as a high-noon style confrontation less than two months before the arrival of the euro: Germany's combative new left-leaning finance minister entered the lair of the Bundesbank on Thursday to push his vision of easier monetary policy, stronger economic growth and more jobs.

But when Oskar Lafontaine strode out of the meeting hours later, there was little sign that the session, which was meant to defuse tensions, had had any effect at all on Bundesbank thinking.

Nor did the finance minister give any signals that he was ready to back down from his relentless daily campaign for lower German interest rates.

The Bundesbank, as expected, did not budge on interest rates. And its president, Hans Tietmeyer, later rebuked Mr. Lafontaine, warning against any effort to shift "blame onto the addresses of central banks" as a substitute for unpopular "structural changes" in tax and welfare systems.

For his part, Mr. Lafontaine extended an olive branch, pledging that "no member of the federal government casts doubt on the independence of the Bundesbank and the European Central Bank."

But he also reminded the Bundesbank that the rest of Europe was cutting rates, implying that Germany should, too, and he recited a list of European central banks that have recently eased borrowing.

"A particular emphasis of the discussion," Mr. Lafontaine recounted, "centered on the current trend of money-market rates in Europe that show a falling trend, in light of decisions by central banks in Great Britain, Denmark, Sweden, Ireland, Spain, Italy, Portugal and even Greece."

Holger Schmieding, an economist at Merrill Lynch & Co., said of Mr. Lafontaine's comments: "It is a reminder that everyone else is doing it, so why don't we?"

But in what seemed a rebuff to the politician, the Bundesbank council voted in Mr. Lafontaine's presence to keep German money-market rates at 3.3 percent, the level they have been at since October 1997. In solidarity with the

See BUNDESBANK, Page 18

## Britain Cuts Key Rate Half a Point

By Alan Cowell  
New York Times Service

LONDON — After several other European interest-rate reductions, the Bank of England ordered a bigger-than-expected cut of half a percentage point in its key rate Thursday, to 6.75 percent. It was the second reduction in a month, reflecting heightened edginess over economic slowdown both in Britain and abroad.

Financial markets here showed little enthusiasm for the Bank of England decision, with traders apparently calculating that the cut in the short-term repurchase rate, contrasting with the bank's usual quarter-point increments, meant there was little likelihood of further cuts soon. The benchmark Financial Times-Stock Exchange 100 index fell 2.5 percent.

British businesses, which have blamed high interest rates and a resultant strong pound for a deep slump in manufacturing and exports, generally pressed for further cuts. "With further reductions in interest rates and in sterling, businesses can get back to the job of competing and investing for growth," said Ian Peters, deputy director-general of the British Chambers of Commerce.

Britain is not among the 11 countries that will adopt the planned European single currency, the euro, Jan. 1, and is in the throes of a more introspective debate over its chances of avoiding recession next year. Just two days ago, Gordon Brown, the chancellor of the Exchequer, cut his estimates of growth next year to between 1 percent and 1.5 percent. And govern-

See RATES, Page 18

## Too Many Cooks in the Euro Cuisine?

EU Grapples With Problem of Who Will Formulate Strategy for Currency

By Barry James  
International Herald Tribune

BRUSSELS — Who speaks for the euro?

As a world currency expected to rival the dollar, it will need an identity, a single voice to enable the 11 countries adopting it Jan. 1 to play an effective role on the world stage.

But how to achieve that is proving a taxing problem for the European Union.

The European Commission, the EU's executive body, this week proposed that the three key parties in formulating a strategy for the euro — itself, the European Central Bank and the European Council representing member governments — should be present when economic and monetary issues were discussed at the international level.

Consider the complexities this could bring, for example, to finance ministers' meetings of the Group of Seven, the coordinating group of major world economies.

The representatives of the United States, Canada, Japan and the four major EU economies — Britain, France, Germany and Italy — would be added to the president of the central bank, Wim Duisenberg; the president of the commission, Jacques Santer, and the head of whichever country holds the rotating presidency of the EU.

But if that country happens to be one that is outside the euro zone — Britain, Sweden, Denmark or Greece — then the

new currency would be represented by the nation next in line for the EU presidency.

Yves-Thibaut de Silguy, the EU's commissioner for monetary affairs, said the euro zone's international partners needed "a number to call."

Judging from the commission's proposal, however, they will need an entire telephone directory instead.

Whether the EU's interlocutors accept the commission's idea remains to be seen. The United States might ask whether, if Mr. Duisenberg attends G-7 meetings, the chairman of its Federal Reserve Board, Alan Greenspan, should not be there as well.

EU member governments also have to agree on the proposal, although as yet none of them has come up with a better idea. Heads of state and government will attempt to resolve the issue at their summit meeting in Vienna in December, a scant three weeks before the euro is introduced.

Britain may not join the euro zone for several years, and it will claim its place independently at the G-7 negotiating table. France, Germany and Italy will share euro but are unlikely to be willing to give up their G-7 slots. Smaller countries within the euro zone will not bear of being represented by the big countries, which is why the commission proposes introducing the EU presidency into international negotiations.

But international partners will wonder why the United States should have one seat and the euro countries as many as four.

The commission says its proposal "reflects the reality that economic, monetary and exchange-rate policies are closely interrelated" and are often discussed together. It adds, "As the council, the commission and the ECB have specific competences in these policy areas at Community level, they should each participate in the representation of the community at international level in a balanced way."

Mr. De Silguy put the conundrum in theological terms, saying that the EU would speak as "a trinity" with a single voice. But in fact, the EU is far from speaking in unison. It has yet to overcome fully the tensions inherent in a system in which the central bank has the entire responsibility for ensuring monetary stability while governments are in charge of fiscal and general economic policy.

The election victory of the center-left in Germany this autumn, ousting Helmut Kohl from the chancellorship, has intensified questions about the extent to which the bank should carry out its role regardless of the overall state of the economy. Should it, for example, lower interest rates to foster economic growth?

A mixture of such contradictions, national pretensions and the compartmentalized nature of EU institutions apparently is making it as difficult for the EU to find a single voice on economic matters as it has been on foreign affairs.

## CURRENCY & INTEREST RATES

Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
American	1.0000	0.6557	0.5163	149.68	0.7556	0.5848	7.7936	24.636	1.3563
British	1.5478	0.8912	1.0000	293.36	1.2503	0.9375	10.436	32.036	1.7736
French	1.6363	1.0000	0.9369	163.36	1.3663	1.0000	11.936	36.363	1.9363
German	1.9363	1.0809	1.0809	193.63	1.5809	1.0809	13.809	41.809	2.1809
Italian	1.9363	1.0809	1.0809	193.63	1.5809	1.0809	13.809	41.809	2.1809
Japanese	149.68	228.57	228.57	1.0000	1.5809	1.0809	19.363	59.363	3.1809
Australian	0.7556	1.1587	1.1587	0.6329	1.0000	0.8696	10.436	32.036	1.7736
New Zealand	0.5848	0.8696	0.8696	0.4983	0.8696	1.0000	10.436	32.036	1.7736
Hong Kong	7.7936	11.936	11.936	51.815	11.936	11.936	1.0000	24.636	1.3563
Taiwan	24.636	36.363	36.363	166.91	36.363	36.363	24.636	1.0000	0.6557
Singapore	1.3563	2.1809	2.1809	87.363	2.1809	2.1809	1.3563	0.6557	1.0000
Libor-Libor Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
1-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
3-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
6-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
1-year	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Key Money Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
1-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
3-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
6-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
1-year	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Other Dollar Values									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
American	1.0000	0.6557	0.5163	149.68	0.7556	0.5848	7.7936	24.636	1.3563
British	1.5478	0.8912	1.0000	293.36	1.2503	0.9375	10.436	32.036	1.7736
French	1.6363	1.0000	0.9369	163.36	1.3663	1.0000	11.936	36.363	1.9363
German	1.9363	1.0809	1.0809	193.63	1.5809	1.0809	13.809	41.809	2.1809
Italian	1.9363	1.0809	1.0809	193.63	1.5809	1.0809	13.809	41.809	2.1809
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Australian	0.7556	1.1587	1.1587	0.6329	1.0000	0.8696	10.436	32.036	1.7736
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Taiwan	24.636	36.363	36.363	166.91	36.363	36.363	24.636	1.0000	0.6557
Singapore	1.3563	2.1809	2.1809	87.363	2.1809	2.1809	1.3563	0.6557	1.0000
Forward Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	SGD
1-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
3-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
6-month	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
1-year	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%

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World Business Council  
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EUROPE

# France Ponders Aerospace Merger

## Aerospatiale-Dassault Link Could Lead to European Giant

PARIS — France said Thursday it was close to combining its civil and military plane makers into one large enterprise that might then be merged with British and German aerospace concerns to form a single European company.

The government, which has already announced plans to merge the state-owned Airbus Industrie with Lagardere SCA's Matra High Technology unit, signaled that parts of Dassault Aviation SA would be merged with Aerospatiale-Matra in the next few weeks.

"With the Aerospatiale-Matra High Technology unit, which Dassault Aviation will probably play an important role in the next few weeks, we have a great French partnership," Defense Minister Alain Richard said on Thursday.

Market sources said this meant that Dassault's combat-plane business would become part of the new French grouping while Dassault's business-jet division would operate as an independent company.

Dassault declined to comment on Mr. Richard's remarks.

A spokesman at British Aerospace PLC played down the French minister's comments. He said the company still sought a merger with Aerospatiale and Deutsche Aerospace AG but that many issues had to be resolved in the months ahead, including the French government's stake in Aerospatiale.

Analysis says France has been forced to accelerate a partial privatization of Aerospatiale and consolidate Dassault's warplane activities so as not to be left behind in the race to create a European aerospace and defense company.

Europe's aerospace industry is struggling to catch up with a re-

# Cheaper Oil And Asia Hit Shell's Profit

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LONDON — Royal Dutch/Shell Group reported a 56 percent drop in third-quarter profit Thursday as oil prices slumped and recession in Asia slashed sales of its fuels and chemicals.

The Anglo-Dutch company's net income fell to \$918 million from \$1.98 billion a year earlier.

The company performed far more poorly than rivals such as British Petroleum Co. and Exxon Corp. Shares in Shell Transport & Trading, the British arm of the holding company, fell 21.5 pence to 354.5 pence, while in Amsterdam, Royal Dutch Petroleum shares fell 2.30 guilders to 91.20 (\$48.50).

"It's a miserable performance," said Peter Hitchens, an analyst at Williams & Broe. "It shows their high exposure to Asia is bringing them down."

The company said its return on capital fell to 9.2 percent in the 12 months through Sept. 30 from 12.1 percent a year earlier, well below Shell's target of 15 percent by 2001.

The price of Brent crude oil averaged \$12.45 a barrel in the third quarter, down from \$18.55 a year earlier.

Shell said the disappointing results and the possibility of a period of relatively low oil prices and low economic growth "lend urgency" to its restructuring efforts.

Shell already plans to close offices in France, the Netherlands, Germany and Britain and to cut more than 1,000 jobs in its exploration and production units in Britain and the United States.

In the third quarter, earnings from exploration and production fell 69 percent, to \$288 million; they were down 76 percent excluding U.S. and Canadian operations.

Earnings from oil products fell 6 percent, to \$489 million, but rose 8 percent excluding North America as strength in Europe and Latin America outweighed the effects of the recession in the Asia-Pacific region.

The company's earnings from natural gas and power generation fell 30 percent, to \$36 million. Its earnings from chemicals plunged 90 percent, to \$27 million.

(Reuters, Bloomberg)

# Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5000	6000	4000
4500	5500	3500
4000	5000	3000
3500	4500	2500
3000	4000	2000
2500	3500	1500
2000	3000	1000
1500	2500	500
1000	2000	0
500	1500	0
0	1000	0

Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	AEX	3,257.41	3,307.72	-1.52
Brussels	BEL-20	4,811.60	4,841.72	-0.62
Frankfurt	DAX	6,141.60	6,184.42	-0.69
Copenhagen	Stock Market	4,478.83	4,572.32	-2.04
Helsinki	HEX General	525.13	545.72	-3.77
Oslo	OBX	5,479.80	5,622.90	-2.54
London	FTSE 100	806.66	799.98	+0.07
Madrid	Stock Exchange	20,642	20,808	-1.28
Milan	MBTEL	3,596.26	3,694.16	-2.39
Paris	CAC 40	3,526.26	3,629.80	-2.88
Stockholm	SX 16	1,156.05	1,178.92	-1.94
Vienna	ATX	4,161.82	4,261.78	-2.34
Zurich	SPI	4,161.82	4,261.78	-2.34

# Very briefly:

- Endesa SA plans to spend an estimated 390 billion pesetas (\$2.7 billion) to absorb its regional units as Spain's biggest power company tries to cut costs and salvage profit growth as the government reduces the rates power companies can charge for electricity.
- Scandinavian Airlines System's third-quarter pretax profit rose 57 percent, to 1.02 billion kroner (\$130.2 million), helped by the sale of planes. The figure included a gain of 538 million kroner from the sale of aircraft, which offset extra costs of about 400 million kroner from the move to a new airport.
- Benetton Group SpA, Italy's biggest fashion company, plans to bring libel charges against Corriere della Sera, Italy's biggest newspaper, for suggesting that it used child labor in Turkey.
- Russia's Property Fund, which oversees privatization, opened the bidding for the sale of 2.5 percent of OAO Gazprom, the world's largest natural gas producer. Tenders will be accepted until Dec. 18.
- ABB Asea Brown Boveri Ltd., the world's largest electrical-engineering company, fired two managers in connection with a U.S. Securities and Exchange Commission inquiry into insider trading. The investigation centers on ABB's \$2.1 billion purchase last month of Flummeccanica SpA's Elmag Bailey Process Automation NV.
- Sanofi SA said it was on track to post a 10 percent gain in 1998 net income, helped by two new drugs for hypertension and for heart attacks and strokes. Shares in France's second-largest drugmaker rose to close at 901 francs (\$160.95), up 41.
- Boots Co.'s profit at its main pharmacy business increased 4.2 percent even as the largest British drugs retailer posted a first-half loss of £14.1 million (\$24.5 million) because of the cost of selling unprofitable businesses. Boots had a profit of £23.6 million in the year earlier period.

# Romania Admits a Crisis But Plans Economic Steps

BUCHAREST — The centrist leaders of Romania, pressed by Western institutions and investors to speed up reforms, admitted Thursday that the country was mired in crisis and pledged to draft a program to put things right.

President Emil Constantinescu and Prime Minister Radu Vasile made the admission in statements between sessions of a cabinet meeting devoted to overhauling two years of reforms deemed insufficient by the European Union and the International Monetary Fund.

"Romania is encountering a period of extremely serious economic crisis superimposed on a difficult situation on world capital markets and in certain European countries, including former Communist states," Mr. Constantinescu said.

What Romania needs, he said, is to show that it can "adopt a reform program and win the confidence of investors and capital markets."

Mr. Vasile said his priorities were to restructure the Finance Ministry to improve tax collection and to reform the privatization agency to speed sell-offs of industry.

Romania will reduce the payroll of the state holding company, draw up lists of unprofitable companies to be closed and reassess social-security expenditures, he said.

"Romania has no other way," he said, "and there are no other solutions. Romania must show it is able to make clear economic decisions. This will allow Romania to overcome a difficult period, which I estimate at the next three to seven months."

As economic problems have mounted over the last year, Romania has seen its prospects of joining the EU deteriorate.

"Sustained efforts are needed to put Romania back on track," the EU said this week in a report on membership candidates. It said the economy was still contracting, external debt was rising and political instability had hampered progress toward a market economy.



**SLOWDOWN —** Rudolf Ruppert, chairman of MAN AG, reporting weak sales Thursday in Munich. MAN's shares fell 7 percent.

# WORLD STOCK MARKETS

Thursday, Nov. 5  
Daily prices in local currencies.

High	Low	Close	Prev.
Amsterdam	100.00	100.00	100.00
Frankfurt	100.00	100.00	100.00
London	100.00	100.00	100.00
Paris	100.00	100.00	100.00
Stockholm	100.00	100.00	100.00
Vienna	100.00	100.00	100.00
Zurich	100.00	100.00	100.00
Buenos Aires	100.00	100.00	100.00
Sao Paulo	100.00	100.00	100.00
Manila	100.00	100.00	100.00
Mexico	100.00	100.00	100.00
Prague	100.00	100.00	100.00
Sydney	100.00	100.00	100.00
Taipei	100.00	100.00	100.00
Wellington	100.00	100.00	100.00
Zurich	100.00	100.00	100.00

High	Low	Close	Prev.
Amsterdam	100.00	100.00	100.00
Frankfurt	100.00	100.00	100.00
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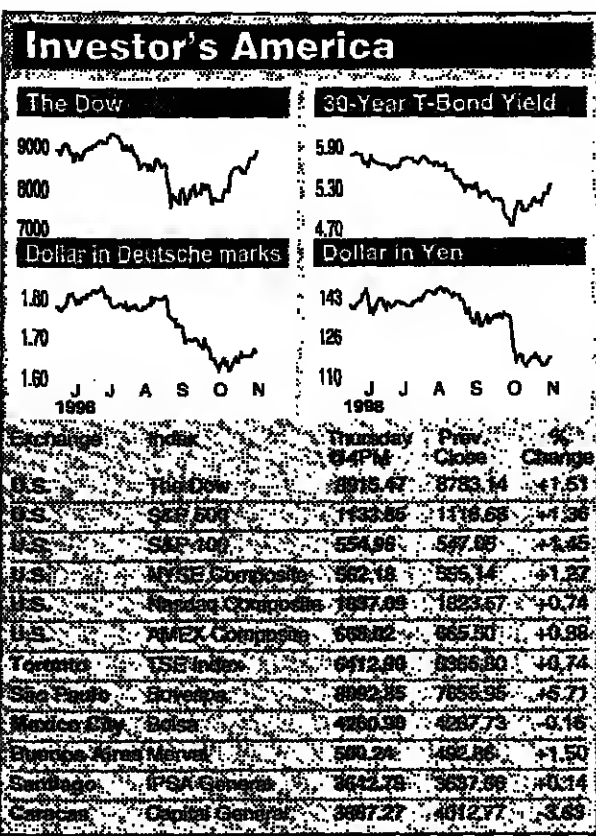
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## THE AMERICAS



## Dollar Slips On Talk of Lower Rates

**NEW YORK** — The dollar fell against the Deutsche mark Thursday after Germany's central bank left interest rates unchanged and the jobless rate dropped to a two-year low, fanning expectations the Bundesbank would cut rates this year.

The dollar extended losses after a report showed the U.S. economy added fewer jobs than expected last month, reviving talk that U.S. interest rates may be lowered again to support growth.

"This will give people an opportunity to get wound up again about interest rates cuts in the U.S.," said Matthew Lifson, managing director of foreign exchange

at PNC Bank in Pittsburgh. In contrast, the Bundesbank is "probably not going to cut for the rest of the year. The dollar remains under pressure against European currencies."

## FOREIGN EXCHANGE

In 4 P.M. trading, the dollar fell to 1.6608 DM from 1.6680 DM on Wednesday, to 5.5625 francs and 1.3642 Swiss francs from 1.3665 francs. The pound rose to \$1.6590 from \$1.6590 despite the Bank of England's cut in its key rate by half a percentage point to 6.75 percent.

The dollar rose to 117.970 yen from 116.635 yen amid doubts about Japan's ability to strengthen its debt-burdened banking system.

The dollar recovered some against the mark after Alan Greenspan, the Federal Reserve Board chairman, said the risk of buying corporate bonds and other Treasury bonds had declined. Some traders took that to mean another cut in U.S. rates may not be imminent.

In Germany, the Bundesbank left its securities repurchase rate at 3.50 percent. Many traders expect it to leave any rate cuts to the European Central Bank, which takes over rate-setting policy for the 11 nations adopting the euro in January.

## D'Amato's Defeat Raises Fears on Wall Street

By Leslie Wayne  
New York Times Service

**WASHINGTON** — The defeat of Senator Alfonse D'Amato of New York means that Senator Phil Gramm, Republican of Texas, who has a combative streak, is expected to become the next chairman of the Senate Banking Committee, a prospect that is sending shivers through many on Wall Street and in the financial-services industry.

The reason is that Mr. Gramm last October single-handedly halted a bill, sought by the financial-services industry, to sweep away Depression-era restrictions just as the measure was about to receive Senate approval. For two decades the industry has sought this measure, only to see it slip away at the 11th hour because of Mr. Gramm's opposition.

In addition, Mr. Gramm, who espouses a strong free-market philosophy and anti-regulatory view, has criticized the Securities and Exchange Commission's efforts to improve investor education.

The Banking Committee partly oversees the U.S. securities industry, and Mr. Gramm has clashed with Arthur Levitt, chairman of the SEC,

on a variety of issues, including SEC funding. "Gramm and Levitt have tiffed at each other before," said a lobbyist, who asked not to be named. "They are hardly peas from the same pod."

Lobbyists said Wednesday that they had been fielding phone calls from Wall Street executives concerned over Mr. Gramm's views as well as his long history of clashes with bankers, regulators and other senators.

Some financial-services lobbyists here who maintain residences in New York said they were so concerned about the possibility that Mr. Gramm would head the most important banking oversight committee that they had flown to New York to vote for Mr. D'Amato.

"AD Amato defeat does not bode well for the prompt enactment of financial-restructuring legislation," said Kenneth Guenther, executive director of the Independent Bankers Association of America, which supported the bill. "D'Amato worked things out and could reach across the aisle. That's not Phil Gramm's style. Gramm will be more partisan, more interested in drawing lines in the sand and in keeping the differences between Democrats and Republicans."

Mr. Gramm halted passage of the financial-

overhaul measure after it had passed the House, had enough votes to gain Senate approval and had gained bipartisan and industry-wide support. Through parliamentary maneuvering, Mr. Gramm stopped the bill because he objected to parts of it that he felt would expand the Community Reinvestment Act, which requires banks to provide loans to low- and moderate-income areas.

On Wednesday, Mr. Gramm issued a statement supporting the financial-modernization measure. "I strongly favor rewriting the Depression-era laws which govern much of the financial activity in America," Mr. Gramm said. "I have long recognized the need to update them."

But those who have dealt with Mr. Gramm over the years say his words and actions often do not match. The overhaul bill would eliminate restrictions that prevent banks, insurance companies and investment banks from engaging in one another's businesses.

For nearly two decades, attempts to pass the measure have failed. This year, the House passed the measure by a one-vote margin, and the Senate was poised to approve it until Mr. Gramm held up a stop sign.

## Very briefly:

• BankAmerica Corp. will dismiss 140 to 150 brokers in its exchange-traded futures business in Chicago, London, Singapore, Hong Kong and Tokyo. Trade orders will now be taken electronically.

• The New York Stock Exchange revised its curbs on program trading to kick in when the Dow Jones industrial average rises or falls 2 percent. Currently, the curbs go into effect when the Dow rises or falls 50 points from the previous day's close.

• Polo Ralph Lauren Corp. reported disappointing earnings for its second quarter and lowered its earnings estimate for the year, saying a reduction in tourism and warm autumn weather in the United States had hurt apparel sales. Earnings in the second quarter, which ended Sept. 26, rose to \$49.9 million from \$44.9 million. Analysts had expected a bigger gain.

• U.S. job cuts soared in October to the highest level in 33 months, according to Challenger, Gray & Christmas Inc., an employment consulting firm. It said companies announced plans to cut 91,531 jobs, up from 73,062 in September.

• Amazon.com Inc., the leading on-line bookseller, will sell recordings of unsigned musicians and independent music labels, infusing the CDs into its expanding line recordings not typically found in traditional music stores. *Bloomberg, Reuters*

## IMF Says Its Rescue Fund Now Totals \$28 Billion

**WASHINGTON** — The International Monetary Fund said Thursday it had about \$28 billion in usable funds as of Saturday, the first time the lender had disclosed how much money it had on hand to rescue financially strapped countries.

The announcement was the latest effort by the Fund to open its books, following criticism from

U.S. Republicans that its operations were too secretive. It came amid expectations the IMF would soon contribute about \$15 billion to an aid package for Brazil.

Of the \$28 billion, the IMF only is willing to use about \$4 billion to \$8 billion because it must hold the rest in case its members decide to withdraw part of their contributions.

## Greenspan's Comments Lead Stocks Higher

Continued from Page 15

**NEW YORK** — Stocks rose Thursday after the chairman of the Federal Reserve Board, Alan Greenspan, suggested that the U.S. economy would remain healthy and that investors were becoming less skittish.

The Dow Jones industrial average closed 132.33 points higher at 8,915.47, and the Standard & Poor's 500-stock index ended up 15.18 points at 1,133.85. Gaining issues outnumbered losing ones by a 3-to-2 ratio on the New York Stock Exchange, and the Nasdaq composite index closed up 13.52 points at 1,837.09.

Investors were hoping that Mr. Greenspan would offer a clear signal as to whether the central bank planned to cut rates this month when its policy-making committee met. But the central banker was vague on the issue.

"Reading between the lines, it's less likely we will see a rate decrease in the near term, but he did not rule it out," said Timothy Ghriskey, a senior portfolio manager at Dreyfus Corp.

The Fed has lowered rates twice since late September to help offset the impact that recessions in emerging markets could have on the U.S. economy. Stocks have rallied strongly since, with investors confident that the central bank would continue to act to keep the economy growing.

Data on U.S. employment released Thursday suggested that growth was

slowing, but separate reports from big store chains showed that consumer spending remained strong.

In the Treasury bond market, prices slipped as investors decided

the odds were against a rate cut this month. The price of the benchmark 30-year issue fell 11/32 point to close at 102 1/2, taking the yield up to 5.35 percent from 5.32 percent Wednesday.

## U.S. STOCKS

Board's Open Market Committee will reduce interest rates at its meeting scheduled for Nov. 17.

Analysts were expecting a higher job-creation figure, of about 180,000 jobs. But the job-creation number for September was revised to 157,000, more than twice the 69,000 previously reported.

## ECONOMY: Growth in Payrolls Is Weaker Than Expected

Continued from Page 15

Board's Open Market Committee will reduce interest rates at its meeting scheduled for Nov. 17.

The Treasury finished its quarterly refunding auction Thursday by selling \$10 billion in 30-year bonds, but demand for the issue was only moderate, which also helped weigh on prices.

Omega was the most actively traded stock, rising 1 to 9. Share prices on the maker of computer disk drives have nearly doubled since Monday, when its main competitor, Syquest Technology, suspended operations and said it may file for bankruptcy.

Retail Sundown fell 8 1/2 to 13

1/16 after an analyst at Raymond James & Associates downgraded the maker of nutritional supplements because of sluggish sales.

TeleBanc Financial rose 3/4 to 21 1/4 after the on-line bank signed a marketing agreement with Yahoo! the leading Internet search directory. Yahoo rose 5/16 to 151 1/16.

Nexel Communications rose 2 3/16 to 23 3/16 after an analyst at Prudential Securities recommended stock in the wireless-communications provider. *(Bloomberg, AP)*

**The Trib Index**

Jan. 1, 1992 = 100

Index	Level	Change	% Change	Year to Date % Change
World Index	187.94	-0.77	-0.41	+9.20
Regional Indices				
Asia/Pacific	90.12	-1.00	-1.10	-6.19
Europe	217.01	-3.95	-1.79	+12.42
N. America	259.49	+3.33	+1.30	+20.14
S. America	95.19	+1.76	+1.83	-37.65
Industrial Indices				
Capital goods	256.99	+1.11	+0.43	+24.41
Consumer goods	233.70	-0.29	-0.12	+11.43
Energy	198.92	-2.48	-1.23	+2.03
Finance	128.65	-2.06	-1.58	+4.63
Miscellaneous	178.73	-3.65	-2.00	+19.25
Raw Materials	173.81	+0.37	+0.21	+3.93
Service	198.44	+0.68	+0.34	+13.84
Utilities	179.76	+1.18	+0.66	+7.72

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 internationally investable stocks from 25 countries. Compiled by Bloomberg News.

## U. S. STOCK MARKET DIARY

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## ASIA/PACIFIC

## Microsoft Plans to Open Research Lab in Beijing

By Elizabeth Corcoran  
Washington Post Service

SAN FRANCISCO — Microsoft Corp. said it was opening its second research laboratory outside the United States, this one in Beijing. The company plans to invest about \$80 million over the next six years in the facility.

"China is the most populous country in the world, and the use of computers there is growing rapidly," Rick Rashid, vice president of Microsoft Research, said Thursday. "To make the experience compelling, we need to address many challenges to adapt computing and software to the Chinese marketplace."

The Chinese research group, called Microsoft Research, China, will initially focus on how people interact with computers. "Long term, we want to enable computers to see, listen, speak and learn," said Kai-Fu Lee, a Microsoft researcher who will head the program in China.

By focusing efforts "on areas like speech, vision, graphics, natural language and multimedia technologies," he said, "we hope we can

bring these improvements to the Chinese computing experience."

By some estimates, China will overtake Japan within a year as Asia's biggest market for personal computers. Microsoft has had a software development operation in China since 1992. It currently employs 260 people and works on products such as Windows CE. Microsoft's operating system for handheld devices, Microsoft said that the new group would conduct higher-level research than the existing one.

The new group plans to work closely with the Chinese government, local universities and research institutes.

For now, Microsoft's Chinese lab is a tiny operation of five people, including its director, Mr. Lee, who is a U.S. citizen and joined Microsoft this year after working at Silicon Graphics Inc., Apple Computer Inc. and other companies. Microsoft executives said they hoped the facility would grow to include 100 researchers over the next three years.

■ **Ericsson to Expand in China**

Ericsson AB, the world's No. 3 mobile phone maker, plans to bol-



Mr. Rashid, foreground, and Mr. Lee, both of Microsoft Research, in Beijing on Thursday.

ster its production capacity in China despite a report that Chinese authorities urged the nation's telephone companies to start buying their equipment from local producers, Bloomberg News reported from Stockholm.

## Kia Motors' Creditors To Accept 40% Stake

Compiled by Our Staff From Dispatches

SEOUL — Kia Motors Corp.'s creditors said Thursday they would write off more than two-thirds of its debt of 9 trillion won (\$6.85 billion) in return for a 40 percent stake, clearing the way for Hyundai Motor Co. to take over the bankrupt automaker.

Korea Development Bank, Kia's biggest lender, said 28 creditors would write off 6.25 trillion won of the debt owed by Kia and its truck-making Asia Motors Corp. unit. They will swap an additional 840 billion won of debt for equity, giving creditors a 40 percent stake in the companies.

The pact ends a 16-month saga that began with Kia's collapse under \$10 billion of debt it could not pay. The bankruptcy in July 1997 helped trigger a debt crisis that climaxed in December, when the government was forced to arrange a record \$60 billion bailout with the International Monetary Fund.

Analysts said the creditors' deal had paved the way for restructuring of the country's car industry, burdened by falling domestic sales and excess capacity.

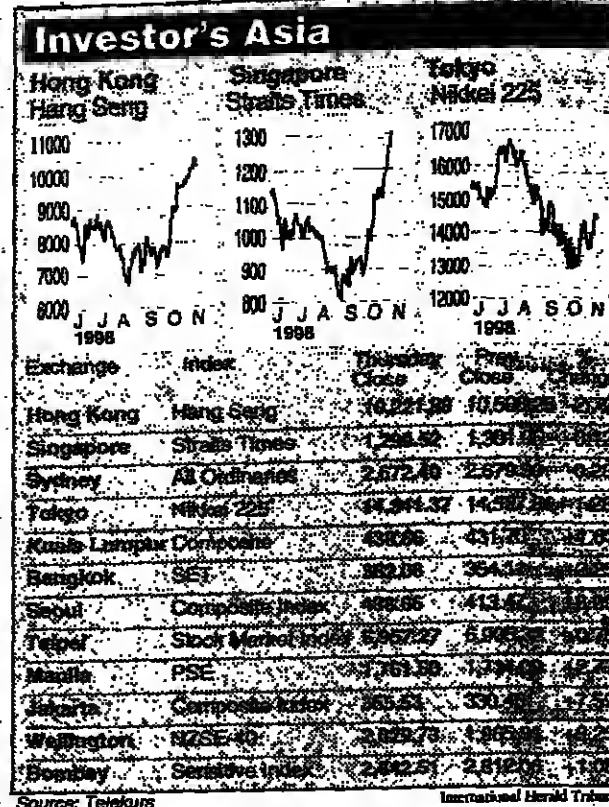
"It looks like the problematic Kia issue has finally been put under control," said Oh Chang Suk, an analyst at Daishin Economic Research Institute. "With the creditors' approval, restructuring in the car sector is likely to speed up."

Hyundai Motor won an international tender for Kia and Asia Motors in October, beating out Ford Motor Co., Daewoo Motor Co. and Samsung Motors Inc.

But Hyundai itself is struggling. The Kia takeover will bring Hyundai's debt-to-equity ratio to as much as 5-to-1 by the end of this year from just over 4-to-1 at the end of last year.

While such large ratios are not uncommon at South Korean companies these days, analysts said, Hyundai must deal with the problems of overcapacity that the Kia deal will bring.

"After the takeover, Hyundai's capacity alone can meet demand for domestic sales and exports," said Hui Kang, analyst at Hyundai Securities. "How Hyundai will take care of redundant facilities will be critical to the survival of the car maker." (Reuters, Bloomberg)



### Very briefly:

- Toyota Motor Corp. is applying to Beijing for clearance to manufacture a small bus in China next year; it would be Toyota's first attempt to make vehicles in the world's most populous country.
- Keppel Corp., one of Singapore's biggest conglomerates, said it would have "quite big" losses this year and that about 10 percent of its 9,000 workers would lose their jobs. The company had a profit of 17.1 million dollars (\$105.5 million) in 1997, down from 204 million dollars a year earlier.
- South Korea said foreign direct investment rose for second month in October, climbing 67 percent from September to \$894 million, as companies raised asset sales to cope with the country's deepest recession in 45 years.
- Export-Import Bank of Japan said manufacturers' spending on building and equipping factories overseas would fall this year, the first decline in five years, as the Asian crisis led to projects in the region being postponed or canceled.
- The Philippines' inflation accelerated in October for the first time in four months, with prices rising 0.6 percent from September, as heavy rains from typhoons caused prices of fruits and vegetables to rise. The annual rate rose to 10.2 percent in October from 10 percent in September.
- Standard & Poor's Corp. reversed its verdict on the Hong Kong government's stock-market intervention in August, saying the action now appears to have been successful.

Bloomberg, Reuters, APX

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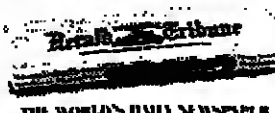
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## Management Issues Block PAL Deal

Reuters

MANILA — Management-control issues remain the biggest stumbling block to a deal allowing Cathay Pacific Airways Ltd. to buy into ailing Philippine Airlines Inc., Philippine government and airline officials said Thursday.

Although government officials said talks had largely been completed, a top Cathay official said negotiations might be stretched out because the Hong Kong-based airline wanted an assurance it would be given free rein to run PAL. Edgardo Espiritu, finance secretary of the Philippines, said a deal with Cathay was "almost 90 percent" completed. But he added that the issue of management still needed to be resolved.

Peter Sutch, chairman of Cathay, said in Hong Kong: "We will of course want to insist on having management control. That

will need quite a lot of negotiations. I expect them to continue for a long time yet."

Manolo Aquino, PAL's executive vice president for administration and services, said Cathay made a conditional offer for PAL on Tuesday. But he said Northwest Airlines Inc. of the United States was not yet out of the picture.

"They will come up with a proposal, but we don't have it yet," Mr. Aquino said. Mr. Sutch said one of the issues that needed to be ironed out involved a Philippine law requiring certain positions to be held by Philippine nationals.

"If we're going to manage the company, we would like to manage it with people from Hong Kong," Mr. Sutch said. "But we understand there's a willingness on the part of the government to see how they can help us."

## BUNDESBANK: In Showdown With Lafontaine, Central Bank Holds Rates Firm

Continued from Page 15

Bundesbank, the Bank of France also kept its main lending rate at 3.3 percent.

Further damping hopes of any quick easing, a Bundesbank council member, Klaus-Dieter Kuehntlicher, told Bloomberg News that the European Central Bank would probably avoid any interest-rate changes when it started setting policy for the 11 countries that will launch the euro Jan. 1.

Across Europe, the vehemence of Mr. Lafontaine's attacks have been interpreted as an attack on the independence of the Bundesbank and the autonomy of the new European Central Bank. Criticism has also mounted of Mr. Lafontaine's goal to

create jobs with a blend of such measures as cheap credit and high wages.

Friedrich Merz, deputy floor leader for the opposition Christian Democrats, accused Mr. Lafontaine of using the Bundesbank as a "scapegoat" in case the new government failed to attack the country's near-record unemployment rate.

Separately, the government said unemployment dropped again in October, to 10.1 percent from 10.3 percent in September.

Mr. Lafontaine's critics charge that his demands to use interest rates to spawn jobs amount to the imposition of a new philosophy at the Bundesbank and the ECB, which both are legally sworn to combat inflation as their first priority, not to create jobs.

What is critical now, economists say, is whether Mr. Lafontaine backs down from his attacks on the Bundesbank to lower interest rates. Any escalation is likely to bring the government and Frankfurt's central bankers into a public feud just as the euro is launched, potentially damaging its credibility.

The floor leader of the Christian Democratic Union, Wolfgang Schäuble, attacked the notion that interest rates create growth and jobs and said Mr. Lafontaine's plan smacked of unprecedented "arrogance."

The Netherlands, he said, has matched German interest-rate moves for years and has its lowest unemployment rate in 17 years. Japan, he noted, has cut its interest rates to al-

most zero and is stuck in recession.

At the council meeting Thursday, which was meant to head off a more damaging escalation of the conflict, Mr. Lafontaine sat next to Mr. Tietmeyer. The three-and-a-half-hour session was almost certain to have included a rebuke to Mr. Lafontaine for threatening the consensus over how to manage the euro, observers said.

The two men have little in common in their economic thinking. Mr. Tietmeyer, a political conservative, sees Germany's high unemployment as a result of an overregulated economy and argues for trenchant reforms in taxes, welfare and labor laws. Mr. Lafontaine, by contrast, has spent past two years successively blocking de-

regulation proposals.

## STEEL: U.S. Industry and Unions Seek to Limit Imports From Crisis-Hit Countries

Continued from Page 15

of them cold and gray.

"We had a very, very good year going here until September," said Duane Dunham, president of the Sparrows Point division. "Then the wheels started coming off."

Instead of running 20 shifts a week, the plant has cut back to 12 or 15 shifts for some products, he said, shrinking a payroll that has been contributing as much as \$270 million a year to the Maryland economy. Customers that buy Sparrows Point steel for car frames, bus bodies, building components and other products are trimming orders. In turn, the Sparrows Point plant has begun reducing purchases from its 2,500 suppliers, who furnish chemicals, gloves, tools and other products.

"October sales for some products are down 25 percent from earlier in the year," said Peter Caltrider, president of Nelson Co. at Sparrows Point, which turns out pack-

aging and wooden pallets used to transport 20,000-pound (9,000-kilogram) coils of steel. He blames most of the downturn on the imports.

A no-layoff agreement with the Steelworkers union members at the plant means that a decline in orders and profits will soon force other kinds of cost-cutting. In a worst-case scenario, construction of a \$300 million steel mill at Sparrows Point could be jeopardized, Mr. Dunham said. "If this surge continues, in all honesty, all bets are off," he said.

As they worry about U.S. steelmakers' dumping complaints, producers from other countries say that, if anything, the U.S. playing field is tilted in favor of domestic producers.

The Commerce Department's rules on dumping often make it difficult for non-U.S. companies to defend themselves against charges of selling at unfairly low prices. Moreover, although a full bearing by U.S. officials on the

steel case will take months to resolve, Mr. Daley's decision that dumping duties may be applied retroactively is causing imports of certain types of steel to slow dramatically, according to distributors.

"The industry knows that if they file a case, two or three months later the imports from the target country are going to dry up because of the threat of penalties being applied retroactively, and they can enjoy essentially a year of protection until the case is either won or lost," said David Phelps, executive director of the American Institute for Imported Steel.

"So we may get no Russian steel for a year. This is a budding capitalist economy, and we show them that the wonders of capitalism mean a government-mandated halt in trade with the United States."

But, although the steel industry's claims of foul play come fast and loud whenever imports rise, analysts say the industry is not exaggerating its plight.

Steel imports were at a record high in the five months from April to August, nearly 25 percent above comparable 1997 levels, the American Iron and Steel Institute reported. So far this year, imports from Russia are up 29 percent over 1997, while shipments from Japan have grown 141 percent.

As imports have shot upward, prices have plummeted. "I don't think we've had any experience with such an increase in volume and such a decrease in price, with each month getting worse," said Curtis Barnett, chairman of Bethlehem. The price for a metric ton (2,200 pounds) of cold rolled steel, which sold for an average of \$580 in March 1995, was \$320 last week, according to Metal Bulletin, an industry publication.

Bethlehem, which is stronger than many U.S. competitors, reported a 9 percent decline in profit for the July-September quarter against the like period last year.

LTV Corp. in Cleveland

announced it would idle a quarter of its steelmaking capacity for a week because of imports and might order more temporary shutdowns later. In the past few weeks, National Steel Corp. near Chicago has decided against starting up a newly renovated blast furnace, and Weirton Steel Corp. in West Virginia said it would lay off 300 hourly workers.

"Some specialty-steel companies that have joined an industrywide expansion are in trouble, analysts said. 'If this goes on for a significant amount of time, you'll see a lot of smaller companies filing for bankruptcy protection,' said Robert Schaefer of Metal Bulletin.

The U.S. industry's costly efforts to make itself competitive over the past decade leave it particularly vulnerable if the import pressures continue into next year, he added.

"The last time this happened, it was easier for existing companies to streamline," he said. "Today, the fat isn't there."

## RATES: Britain Announces a Half-Point Cut

Continued from Page 15

ment figures released Thursday showed a bigger-than-forecast 0.4 percent drop in manufacturing output in September.

Continental European countries face a more complex array of interest-rate pressures. The nations joining the euro are supposed to harmonize key interest rates at 3.3 percent — in line with France and Germany. Spain

and Portugal both lowered key rates by a quarter of a point this week to advance on that target. Germany's Bundesbank, by contrast, argues that its rates are already low and that any further reduction would make it more difficult for other nations to bring their rates down before the euro was introduced and the European Central Bank assumed responsibility for euro-zone monetary policy.

Sweden and Denmark, both outside the euro zone, also cut rates this week. Denmark was retreating from an increase to protect its currency from worldwide financial upheaval, said Jose Luis Alcala, an economist at Salomon Smith Barney, while the cut in Sweden was inspired by "a gloomier assessment of growth."

"This is a common theme across Europe," he said. "Expectations for growth are being revised downward."

## EDUCATION

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INTERNATIONAL INVESTING

# Foreign Lenders Grow Increasingly Wary of China's Reliability as a Borrower

By Joseph Kahn  
New York Times Service

**NEW YORK** — With a Chinese company defaulting on a foreign bond payment for the first time since the Communists took power nearly 50 years ago, some bankers worry that a looming credit crunch could weaken China's immunity to the financial turmoil that has hit most of its Asian neighbors.

The company, Guangdong International Trust & Investment Corp., failed to make a scheduled interest payment of \$8.75 million on a \$200 million bond last week. On Friday, banking inspectors' action by central authorities, the company will extend a 10-day grace period and go into formal default.

Guangdong International is a special investment firm that does not share China's high sovereign credit rating, but the default seems certain to cast a shadow on the country's reputation as a first-rate borrower, bankers say. That is because Guangdong and some 240 similar provincial investment companies, which are charged with raising foreign money to support China's economy, have long carried the implicit backing of the government.

The credit problem appears to be spreading fast. At least one other regional investment firm, Guangzhou International Trust & Investment Corp., has failed to make loan payments to a French bank, Societe Generale SA, bankers say. And investment companies in Fujian, Shanghai, Hainan and other major cities and provinces face tests of their solvency in coming weeks as loan and bond payments come due.

Foreign bankers' willingness to extend or refinance the loans is waning. "We will not cut off loans to every Chinese company, because we can make distinctions between the good ones and the bad ones," said a senior loan officer at a large U.S. bank who asked not to be identified. "But is China facing a credit crunch? The answer is yes. People don't forget about a default overnight."

Already, China must grapple with a drought of new foreign lending even as its economy slows to its lowest growth rate since the early 1990s. New lending to even the best Chinese financial companies, including publicly listed investment vehicles in Hong Kong known as red chips and national-level invest-

ment firms such as China International Trust & Investment Corp. in Beijing, has slowed to a trickle.

Moody's Investors Service Inc. has lowered its ratings on Chinese nonbank financial companies. They are all now rated at less than investment grade, a sharp reversal from just a year ago.

The timing is hardly fortuitous. Investment by foreign companies, especially those run by overseas Chinese, is slowing, cutting a once-frothy supply of financing for everything from shoe factories to skyscrapers.

Moreover, to keep its economy robust even as neighboring nations plunge into deep recessions, the government has pledged to spend hundreds of billions of

**'Is China facing a credit crunch? The answer is yes. People don't forget about a default overnight.'**

dollars on roads, bridges, subways and airports in the next several years. But that program depends in part on raising new foreign loans and direct investment.

The troubles do not, at least in the short term, make China a candidate to follow Russia into financial mayhem. China's total foreign debt of \$137 billion is still considered affordable, even conservative. Through exports, the country is expected to earn five times as much foreign currency as it needs to pay on its overseas debt this year. Moreover,

China's national store of foreign currency, at \$140 billion, is one of the largest in the world.

Why China has so far failed to exercise that financial muscle to prevent the default is a mystery to some analysts. Guangdong International was considered a prominent enough company to issue a Yankee bond, a high-profile dollar-based offering marketed and sold in the United States.

Guangdong International went bust in early October, but its debt obligations

were assumed by Bank of China, the national foreign-currency bank. The bank has not explained why it has failed to make good on the payment due last week. Few believe that the Bank of China itself has a credit problem. But some analysts believe investors might conclude that China has deeper debt problems than official figures reveal.

"One of the problems during the Asian crisis has been that sovereign risk became blurred with credit risk of corporations," said Tom Byrne, head China analyst for Moody's. "The same thing could happen in China."

The default will probably accomplish a long-standing Chinese goal: persuading foreign lenders that the central gov-

ernment will not necessarily protect state-owned companies that borrow more than they can afford to repay.

For many years, foreign banks have treated prominent companies and local governments as good credit risks in large part because of an implicit assumption that Beijing would not allow its national credit rating to be damaged by a local government or company default.

"I am sympathetic to the central government's situation," said Chen Zhao, editor of Bank Credit Analyst in Montreal. "They are saying to the foreign banks, 'You took the risk, and we warned you many times.' Letting these companies fail without a bailout is a positive step compared to Japan, where they never resolve the problem."

Still, the provincial investment companies could prove to be China's Achilles' heel. The provincial companies officially account for \$38 billion in foreign borrowing. The companies have also taken on debt obligations that do not appear on their balance sheets and were not officially reported to the central government, as required. The quantity of that debt is unknown, but some analysts estimate that it totals \$30 billion to \$40 billion.

Dai Xianglong, governor of the central bank of China, said this week that China intended to make good on the debt obligations of the investment companies, according to a Chinese government newspaper published in Hong Kong. But he made a distinction between loans that had been properly registered with the central government and other kinds of lending, suggesting that the properly registered loans would be paid first.

## Morgan Stanley Sees Stocks Rebounding in Asia

**HONG KONG** — The equity markets of Hong Kong, Singapore and Thailand are likely to rise by 20 percent to 30 percent in the next five months, an Asian strategist for Morgan Stanley Dean Witter said Thursday, reversing the firm's bearish stand on the region. The turnaround was due chiefly to a rapid fall in global interest rates and despite a continuation of Hong Kong's relatively high real, or inflation-adjusted, borrowing costs, Markus Rosgen, the strategist, said.

"We have reconsidered our roughly 18-month-old bearish prognosis for the Asia-Pacific stock markets," he said. The change originated more from outside the region than within the Asia-Pacific area, he said. Most significant had been the outlook for U.S. interest rates. The Federal Reserve Board has

cut its benchmark rate on federal funds by 50 basis points, or half a percentage point, and Morgan Stanley forecast that the Fed would further cut rates by a full percentage point between now and the middle of next year.

Within Asia, U.S. rates remain the most important variable in many countries because lower rates allow those countries to more easily fund their operations in an uncertain financial environment, Mr. Rosgen said. Interest rates are now well below their levels at the start of 1998, he said, and only in Hong Kong, Singapore and Taiwan are interest rates above their three-year averages.

The strongest corporate earnings rebound should be seen in South Korea, where earnings per share are forecast to rise by 500 percent in 1999 after falling 90

percent in 1998. In Hong Kong, earnings are estimated to grow by 5 percent to 7 percent in 1999, compared with a contraction of 15 percent in 1998.

The best-performing markets in the region are forecast to be Hong Kong and Singapore. The Hang Seng Index is forecast to rise to 13,000 points and the Straits Times Index to 1,700 points by the end of the first quarter of 1999. The Hang Seng Index closed at 10,121.98 Thursday, and the Straits Times Index finished at 1,299.52.

"We have raised Hong Kong's weighting to overweight from underweight," he said, referring to allocations of investments in Morgan Stanley's model Asia-Pacific mixed-assets portfolio, "and made Singapore overweight from neutral and Thailand overweight from underweight."

### Very briefly:

- Several closed mutual funds, including Longleaf Partners Fund, Third Avenue Value Fund, Merger Fund and John Hancock Regional Fund, have announced that they are reopening to new investors following the financial turmoil that has battered world markets.
- Parker Global Strategies' Emerging FX Index, which measures the performance of managers who invest in emerging market currencies as an asset class, showed that foreign-exchange managers who invest in emerging markets were still reeling from the effects of Russia's economic crisis in September, reporting a 1.57 percent drop in performance.
- Robeco Group said it would create an investment fund aimed at 12- to 19-year-olds. The YoungDynamic fund is a portfolio of 60 or 70 stocks, well known to young people, chosen by a Robeco fund manager from a pool of 400 to 500 stocks.
- Goldman, Sachs & Co., Wall Street's biggest investment banking partnership, is likely to start brokerage operations in Seoul by the end of the year, South Korean officials said.
- U.S. investors are less optimistic about the

financial markets in 1999 than they were when asked to look ahead a year ago, a Securities Industry Association survey shows. About 35 percent of the poll's 1,504 respondents said next year would be a good year for investing, down from 56 percent who responded that way about 1998.

• CITIC Ka Wah Bank Ltd., a China-backed Hong Kong bank, raised 645 million Hong Kong dollars (\$83.3 million) by selling 235.6 million new shares to its parent company and other investors around the world, the sale's arranger said.

AP, Bloomberg, Reuters



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## October's Lesson: Keep Your Nest Egg in Place

Washington Post Service

**JAMES K. GLASSMAN ON INVESTING**

WASHINGTON — Still need a lesson in the value of buy-and-hold investing? Thousands of American government employees have just provided it — much to their own misery.

In August, participants in the Thrift Savings Plan, a U.S. government pension fund, shifted \$106 million of their retirement money out of stocks and into bonds. In September, they moved an additional \$427 million.

The flight from equities was the largest monthly shift of investments by federal workers from the stock market since 1991, Jerry Knight of The Washington Post.

It also was a mistake of titanic proportions — but a typical one for nervous investors. After all, the participants in the fund had watched while the Dow Jones industrial average plummeted from about 9,339 points on July 17 to 7,633 on Oct. 1, a decline of 18 percent. What goes down keeps going down, right?

Wrong. Since Oct. 1, the Dow has risen 15 percent. The broader Standard & Poor's 500-stock index has

risen 13 percent, and the Russell 2000 index of small-cap stocks has gone up 12 percent.

It is possible to sympathize with anyone who bailed out of stocks prematurely. A falling market is frightening, and when fear builds, investors sell — especially if they have been listening to pundits such as Stephen Sjuggerud, who recently wrote in World Money Analyst newsletter: "I trust that you've trimmed your equity positions to levels that allow you to sleep at night. ... If you haven't, do it now! ... Stocks aren't going anywhere but down for the foreseeable future."

Actually, the future is never foreseeable, but we do have the past for reference. The investment research firm Ibbotson Associates Inc. of Chicago, in a famous study, found that an investment of \$1 in stocks in 1925 would have grown to \$1,114 (with dividends reinvested) by 1995 — but investors who missed the 35 best months during this 840-month

period would have seen \$1 grow to only \$10.

When the next tally of this sort is taken, October 1998 will certainly rank with those 35 best months. In fact, it had the largest monthly point gain in the history of the Dow and the biggest percentage gain since 1987.

But despite what the financial soothsayers tell you, it's impossible to know when a great month is coming along, or a disastrous one. Because no one knows, the smart strategy is to keep your money in stocks all the time — unless, of course, you need to take it out to buy a house or take a trip around the world. Retirement money should stay put, period.

The basic rule of retirement investing is that, if you have a long time before you need your money, then put as much of it as you can possibly stand in stocks.

The average return on stocks since 1926 has been 14 percent annually; on long-term bonds, 5.6 percent; on short-term government securities,

4.6 percent. In the short term, stocks are far more volatile (that is, riskier) than bonds — you can lose 40 percent or more in a single terrible year. But in the long term, the volatility dies down. My rule of thumb is that, if you can wait seven years, then keep your money in stocks. In fact, over the very long run (17 years or more), research by Jeremy Siegel of the Wharton School of Business shows, stocks are actually less risky than bonds.

Many investors don't have 17 years to keep their money at work, but young workers (say, those under age 40) certainly do.

In other words, while the market was rising, these U.S. government workers moved their money from bonds to stocks, but when stocks faltered, they moved their money from stocks to bonds. That's just the opposite of what they should have done — if they should have done anything at all.

Some investors frighten easily. That's simply a fact of life. But those in this one fund who were scared out of stocks in August and September gave up more than \$70 million in gains.

## Investment Managers Fret That They're Feeling Too Bullish

Blumhertz News

ORLANDO, Florida — Among the 1,200 investment managers meeting here this week, the dominant sentiment is bullishness on the stock market. And that worries them.

The U.S. stock market is once again advancing after a disastrous summer. During the warm months, U.S. investors fretted that looming economic crises in Asia, South America and Russia could spark a recession at home.

The benchmark Standard & Poor's 500 stocks best tells the story. It has risen 17 percent since Oct. 8, reclaiming much of the 19 percent loss it chalked up in the preceding three months.

"It's amazing what a couple of

good weeks in October can do for investors' confidence," said Brooks Nelson, president of the money manager Nelson Capital Management Inc. in Palo Alto, California. He is one of the investors attending the annual Impact '98 conference in Orlando.

Investors said they were concerned that the sudden outbreak of strength in the stock market would give the public a false sense of security. "I'm not sure it's healthy because a certain amount of complacency inevitably takes place when you get such a fast snapback in the market," said Mr. Nelson, whose firm oversees customers' assets of \$450 million.

"I am very surprised by the level

of bullishness I've seen at this conference," said Jonas Ferris, marketing director for the new Third Millennium Russia Fund. "I don't think it's healthy for people to think the markets will keep going up."

**'It's amazing what a couple of good weeks in October can do for investors' confidence.'**

Even a well known bear such as Byron Wien, senior investment strategist at Morgan Stanley, Dean Witter, has begun to sound like a reconverted bull. Mr. Wien told the conference that better-than-expected earnings would cause stocks

to rise in 1999. Some of Mr. Wien's listeners seemed to be hoping he might inject a needed feeling of pessimism into the proceedings to balance all the optimism.

"Wien's comments were a surprise to a lot of people here," said Michael Harrison, president of the Harrison Group in Atlanta, which has \$300 million under management. "Everything I'd always read about him was bearish."

Investment advisers at the conference "are mostly cautious bulls," said Gloria LeBlanc, who runs an investment company in Los Gatos, California. "I'm telling my clients that you'd be foolish not to be invested in stocks because the worst seems to have passed for

## Long-Term Attractions

Washington Post Service

WASHINGTON — Eric Kobren of Kobren Insight Management sees a "long-term attraction" in several "depressed sectors with good fundamentals." Mr. Kobren, who publishes Fidelity Insight, cites six sectors and suggests funds for exposure to each.

The sectors and funds are: energy service, Invesco Strategic Energy and Vanguard Specialized Energy; air transport, CGM Focus and Fidelity Air Transport; semiconductor capital equipment, Third Avenue Value and Third Avenue Small-Cap; industrial equipment, Delfield, Babson Industrial Equipment; Japan, Warburg Japan Growth, Scudder Japan and Tweedy, Browne Global Value; hotels, Longleaf Partners Realty, Cohen & Steers Special and Longleaf Partners.

— JAMES K. GLASSMAN

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SPORTS

# Change Afoot in Champions' Game

By Peter Berlin  
International Herald Tribune

**M**ANCHESTER — Just when the Champions League format finally seems to be working, Europe's soccer authorities are going to change it.

In previous seasons, many of the groups' qualifiers had been decided before the end, creating predictable matches for the knockout rounds. But this year, after the fourth round of matches Wednesday night, all the groups in the competition are fairly well-balanced for the fans.

The top team in each of the six groups will advance, along with the two best second-place teams. In four of the groups, any of the four teams could end up the victors. In a fifth, Group C, where Real Madrid's match with Sturm Graz was postponed a day because of a storm in Austria, the top three — Real, Inter Milan and Dynamo Moscow — are locked at the top. Even in Group F where Kaiserslautern, the German champion, is five points ahead, the other three teams in the group all have a chance of qualifying by winning, or as a second-place team.

The 11 games Wednesday night produced 31 goals. With one exception, in Manchester, they were fast and tense.

Galatasaray of Istanbul, the second-biggest winner of the night, may have beaten Rosenborg Trondheim, 3-0, to supplant the Norwegian champion as Group B leader, but it did not score its first goal until the 55th minute.

For some clubs, this competitive uncertainty creates a financial uncertainty they want to eliminate. The biggest European clubs have been discussing a breakaway "Super League" with the Italian company Media Partners. To persuade them to stay loyal, UEFA, the governing body of European soccer, promised to redesign its European competitions to increase the number of matches and, therefore, the amount of revenue. The clubs from the countries that generate the most revenue will get a bigger slice from that enlarged cake — as well more entries in the competition.

UEFA estimates that this revenue could be 800 million Swiss francs (\$585 million) of which it would keep 25 percent. On Tuesday, it met with representatives of clubs and leagues to discuss the how the other 75 percent of the money would be divided.

The clubs from the five countries —

Germany, England, Italy, Spain and France — that generate the most revenue, mostly television contracts, want a bigger share of the money and they want more of it to be in the form of guaranteed payments, not based on performance.

The big clubs, particularly the top Spanish and Italian teams, have driven the prices of the stars higher and higher as they compete desperately for success — particularly in the Champions Cup, the very competition they threatened to boycott.

Just over a year ago, Inter Milan and Barcelona, negotiating partners on Tuesday, fought a bitter battle for the signature of the Brazilian striker Ronaldo. Those clubs crave guaranteed revenue to pay the guaranteed player contracts they have signed.

For the biggest clubs — among them Inter Milan, which drew, 1-1, on Wednesday night in Moscow; Barcelona, which lost, 2-1, at home to Bayern Munich; and Juventus, which drew, 1-1, at home to Athletic Bilbao — elimination in the group stage is not part of the Champions League plan.

Those teams must have viewed the result from Manchester with envy. It took Manchester United 16 minutes to turn its match against Brondby into a training game. David Beckham, Phil Neville and Andy Cole all scored in that span.

Alex Ferguson, the United manager, made a series of substitutions, and his team played the rest of the game at a jog. United won, 5-0, with Dwight Yorke and Paul Scholes scoring the other goals, taking the team's tally in four group matches to 16 — breaking the record for the most goals scored in one season in the group phase.

After the game, the team was pleased with itself. Peter Schmeichel, the United goalkeeper, called Cole's goal — a little chip after a clever interchange with Yorke — "the best goal I have seen at Old Trafford."

The opponents may have had something to do with that. Cole, Yorke and the winger Jesper Blomqvist are not big, but they are quick, precisely the quality the Brondby defense lacked. United's final two group games, in Barcelona and at home to Bayern, will present sterner tests.

United is one of the clubs that wants more from UEFA. It is also the subject of a stalled \$1.04 billion takeover bid from BSkyB television. Rupert Murdoch's British satellite station. The bid has been referred to the British Office of Fair Trading, which is expected to send a report to Peter Mandelson, the trade and industry minister, in March.

The sum offered by BSkyB might seem a lot to pay for a club that reported profits of £14.1 million (\$22 million) to July this year on revenue of £87.9 million — tiny sums when set against the economics of even one movie made by Murdoch's 20th Century Fox studio. The £12 million United spent this season on Yorke is dwarfed by the \$200 million Fox spent to make "Titanic" — and the \$1.8 billion the movie has grossed so far.

For Murdoch, United represents television programming. The British Office of Fair Trading is also due to report in January on whether BSkyB's exclusive contract with the English Premier League should be permitted. If the ruling goes against BSkyB, all 20 clubs will suddenly be free to negotiate their own contracts — something the smaller ones probably won't welcome. United would also offer Murdoch a world-renowned club to broadcast on STAR Television, his growing Asian satellite network.



United's Dwight Yorke eluding Ruben Bagger of Brondby as Manchester beat the Danish team.

## UEFA Raises the Stakes for Top Competitors

International Herald Tribune

**M**ANCHESTER — To generate more revenue, UEFA is going to make the Champions League bigger — much bigger.

Instead of one group phase, there will be two. The first will be for 32 teams, divided into eight groups of four. Each team will play the other teams in its group at home and away, and the top two in each group will then advance to a second group phase, where they will be divided into four groups of four.

The top two teams in each group will then advance to the knockout phase: quarterfinals and semifinals played over two legs followed by the traditional Champions Cup final.

The two finalists will have played at least 17 matches but could have played up to 23, as there will be three qualifying rounds. That allows the UEFA to give

entries to the 50 member federations whose clubs enter its competitions.

But all the champions will not be treated equally. In all, the competition will have 73 entrants. There will be one team each from the 35 nations at the bottom of the UEFA's European rankings, two each from the nations ranked eight to 15, three from the five nations ranked four to eight and four each from the top three — currently Italy, Germany and Spain — plus the reigning Champions League champion.

The ranking system is based on teams' performances in the three European cup competitions over the previous five seasons, but that could change. Because the revised competition will give far more places to clubs from the top-ranked countries, and excuse them from some qualifying rounds, the new format will tend to

preserve the current rankings.

The champions of the 22 lowest-ranked nations will play in the first qualifying round. The 11 winners will be joined in the second round by the champions from the 11 nations ranked 16th to 26th and the runners-up from the leagues ranked 10th to 15th.

This will produce 14 winners, who will fight out the final qualifying round with the champions of the six nations ranked 10th to 15th, the three runners-up from the leagues ranked seventh to ninth, and all the third- and fourth-placed teams from the top-ranked leagues.

This final knockout round will produce 16 teams to join the reigning champion, the champions of the top nine leagues and the second-place teams of the top six leagues in the Champions League. — PETER BERLIN

# Roll of Dice For Owner In Louisville

Gentlemen, a 6-Year-Old, To Join Tough Field in Breeders' Cup Classic

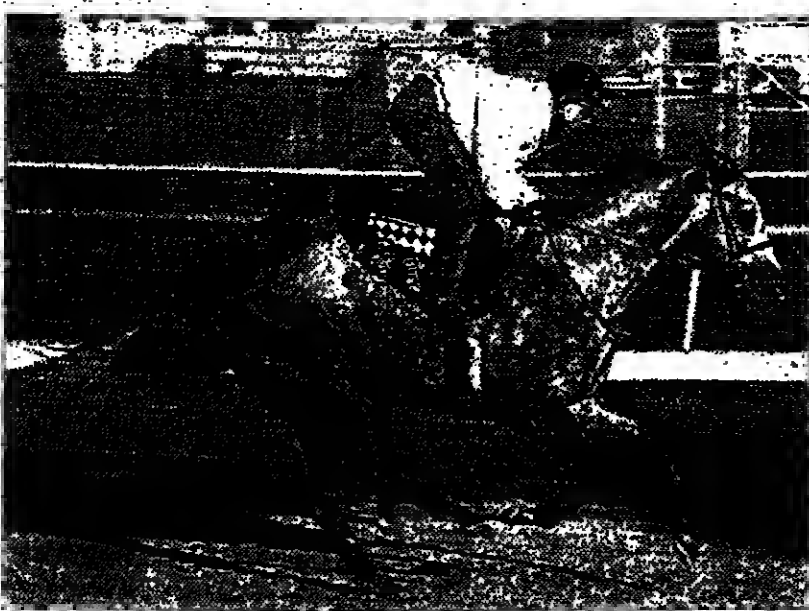
By Joseph Durso  
New York Times Service

**LOUISVILLE, Kentucky** — "If you're going to be a little crazy," Dick Mandella said, considering the biggest gamble ever taken in the 15-year history of the Breeders' Cup, "you might as well be real crazy."

Mandella, the trainer of the 6-year-old star Gentlemen, was standing outside Barn 36 on Wednesday morning, reflecting on the tantalizing question that had just been answered by R. D. Hubbard, the owner of Gentlemen: to enter the horse in the \$4 million Classic instead of the \$1 million Mile.

He thereby turned a powerful race into a true classic, with a showdown against Skip Away and Silver Charm. Hubbard's risk involved money. Because Gentlemen had never been enrolled in the Breeders' Cup program at his birth in Argentina, his owner would have to pay a supplemental fee of 20 percent of the purse to enter him in any race.

Hubbard, the chairman of Hollywood Park racetrack in Los Angeles, decided to be "real crazy," so he rolled the dice



Silver Charm, one of the favorites to win the Breeders' Cup Classic on Saturday, getting a workout with Larry Damore, an exercise rider.

and entered his horse in the Classic, risking a supplemental fee of \$800,000.

To win his gamble, the horse would have to finish first, with its prize money of \$2.6 million, or second, with a prize of \$1 million. In the Mile, he would have risked a supplemental fee of \$200,000, and he would have had to run first (\$665,000) or second (\$256,000) to redeem his choice.

"Some people lose more money buying a yearling who never runs," Mandella reasoned several hours before Hubbard's decision was made formal in the draw for post positions.

"But we considered the decision for a long time," he added. "It's a serious decision, and \$800,000 is a lot of money. We didn't finally decide until early this morning."

The decision was made after Gentlemen turned in a snappy half-mile workout in 46.8 seconds, and Hubbard said: "Richard and I have gone over this every day for the last two weeks and probably changed our minds at least three times a day."

Gentlemen's fate dominated the talk all week along the backstretch of Churchill Downs, where the final set in the drama will be played out on Saturday in the 15th Breeders' Cup: seven races with 85 star horses racing for purses of \$12 million and the inside track on the year's championships. And it was still the buzz Wednesday when the horses were entered and Gentlemen was thrust against world-class rivals like Silver Charm and Skip Away for the biggest purse in racing, which grew to \$5,120,000 with supplemental fees added.

"This is a great horse," Mandella said, trying to explain the reasoning behind the high-risk decision. "For two years, he was unbeatable, the best in the world. Now he's 6 years old, but we think he may be back to his old form. We felt he could run with anybody, and he likes the distance of a mile and a quarter. And most of all, he deserves the chance."

Gentlemen has won 13 of his 23 races and run in the money 19 times, with career earnings of \$3.6 million. He has even won five of eight starts on the grass, so he would not have been venturing into unknown territory if he had entered the Mile.

He has dazzled the West Coast in most of his races, but in his last two starts he has shown his speed and durability to New York. In the Jockey Club Gold Cup last month, he ran second to Silver Charm but in front of Skip Away. In the Woodward in September, he ran second to Skip Away.

The Classic drew a powerful field of 11, one of the strongest fields in Breeders' Cup history.

## Strawberry Owes \$4 Million, Says A Yankee Official

The Associated Press

**NEW YORK** — Darryl Strawberry is broke and owes more than \$4 million in back taxes, alimony and other debts, according to a spokesman for the New York Yankees' owner, George Steinbrenner.

The spokesman, Howard Rubenstein, was quoted in the New York Daily News on Thursday. He was explaining why the Yankees had not yet decided whether to renew the \$2.5 million option on the ailing outfielder's contract.

"Darryl owes the IRS \$2.5 million — no one knows that," Rubenstein said, referring to the U.S. Internal Revenue Service. "He also owes roughly a million and a half in alimony and other debts."

"The Yankees will not pay the \$2.5 million and see it disappear," he said. "The team wants to work with Strawberry to see that he spends it in a way that will straighten out his financial situation."

The 36-year-old Strawberry is recovering from colon cancer surgery. The Yankees must decide by Wednesday whether to exercise their contract option.

In other baseball news, the St. Louis Cardinals' slugger Mark McGwire was named player of the year, as expected, by The Associated Press. McGwire beat Sammy Sosa in the race to break Roger Maris's home-run record, hitting 70 on the year, compared with 66 for Sosa. Maris hit 61 in 1961.

### DENNIS THE MENACE



**JUMBLE**  
THAT SCRAMBLED WORD GAME  
by David L. Shaw and John Shaw

FILOO  
TAFAL  
ALBBUE  
GOULEY

Answer: IT WAS A CUBAN QUEEN THROAT RIPPED AWAY  
COUNT ON THEM

**TESOL France 1998 Colloquium**  
FOCUS ON EVALUATION  
13-14 November, 1998  
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Tel: 01 45 81 75 91

### PEANUTS



### GARFIELD



### BEETLE BAILEY



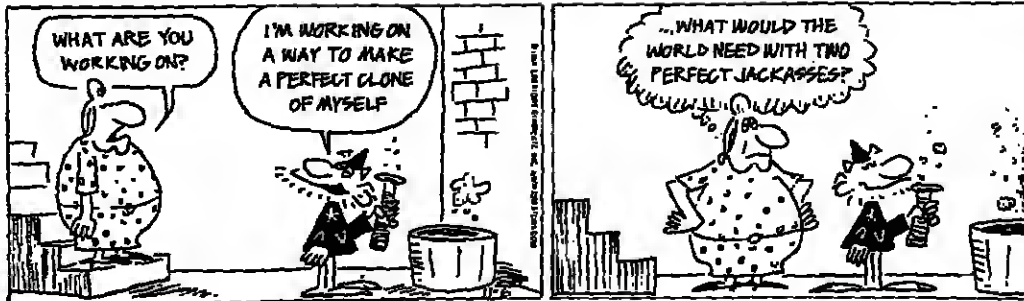
### BLONDIE



### CALVIN AND HOBBS



### WIZARD OF ID



### NON SEQUITUR



### DOONESBURY





